

# **Tandem Respite Incorporated**

ABN: 79 369 786 251

## **Financial Report**

**For the Period Ended 30 June 2008**

# Tandem Respite Incorporated

For the Period Ended 30 June 2008

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# Tandem Respite Incorporated

## Board of Management Report

30 June 2008

Your committee members submit the financial report of Tandem Respite Incorporated for the period ended 30 June 2008.

### 1. General information

#### (a) Committee members

The names of the committee members throughout the period:

Catherine McPherson (President)  
Ron Kingsbury (Vice President, Client Representative)  
Karen Noble (Secretary, Public Officer)  
Cath Sutton (Treasurer)  
Leonie Regan (Member)  
Josephine O'Sullivan (Member)  
Kerri West (Member)  
Alison Procter (Member, Client Representative)  
Mark Vergano (Member, Client Representative)  
Brenda Malcolm (Member)  
Tyler Ellis (Member, Client Representative)  
David Morphett (Member)

#### (b) Principal activities

The principal activity of the association during the period ended 30 June 2008 was to provide respite, personal care and other support services to children, young people and adults with disabilities, people with mental illness, frail older people, and their families and carers living in the ACT community.

#### (c) Significant changes

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

### 2. Business review

#### (a) Operating result

The loss of the association for the period ended 30 June 2008 amounted to \$248,542.

### 3. Other items

#### (a) Significant changes in state of affairs

Tandem Respite Incorporated began to exist on 19 February 2008 when Family Based Respite Care Incorporated and Respite Care ACT Incorporated amalgamated.

# Tandem Respite Incorporated

## 4. Proceedings on behalf of association

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

The association was not a party to any such proceedings during the period.

## 5. Indemnifying officers or auditors

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

Signed in accordance with a resolution of the Members of the Committee:

President: *Chapman*

Treasurer: *C. Sutton*

Dated this 30<sup>th</sup> day of October 2008

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Royal Life Saving House  
26-28 Napier Close  
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**Independent Auditor's Report  
to the Members of Tandem Respite Incorporated**

**Report on the Financial Report**

We have audited the accompanying financial report, being a special purpose financial report, of Tandem Respite Incorporated, which comprises the balance sheet as at 30 June 2008 and the income statement, statement of changes in equity and cash flow statement for the period then ended, a summary of significant accounting policies, other explanatory notes and the Board of Management's declaration

**The Responsibility of Board of Management for the Financial Report**

The Board of Management is responsible for the preparation and fair presentation of the financial report and has determined that the accounting policies described in Note 1 to the financial statements which form part of the financial report are appropriate to meet the financial reporting requirements of the constitution and are appropriate to meet the needs of members. The Board of Management's responsibility also includes establishing and maintaining internal controls 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. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagement and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to members for the purpose of fulfilling the Board of Management's financial reporting requirements under the constitution. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

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

### **Independence**

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

### **Auditor's Opinion**

In our opinion, the financial report presents fairly, in all material respect, the financial position of Tandem Respite Incorporated as of 30 June 2008 and of its financial performance and its cash flows for the period then ended in accordance with the accounting policies described in Note 1 to the financial statements.

### **EVERALLS DFK & ASSOCIATES**



**John A Triggs FCPA  
Registered Company Auditor**

9 October 2008

26-28 Napier Close  
DEAKIN ACT 2600

# Tandem Respite Incorporated

## Income Statement

For the Period Ended 30 June 2008

	Note	2008 \$
Revenue	2	1,787,081
Less: Cost of sales		(1,253,758)
<hr/>		
Gross profit		533,323
Staffing costs		(587,971)
Occupancy costs		(15,402)
Write-down of assets	3	(21,043)
Other administrative costs		(116,569)
Other indirect service costs		(6,251)
Depreciation	3	(14,297)
Motor vehicle running costs		(12,614)
Other expenses		(7,718)
<hr/>		
<b>Net surplus/ (deficit) from ordinary activities</b>		<b>(248,542)</b>
<hr/> <hr/>		

*The accompanying notes form part of these financial statements.  
These financial statements should be read in conjunction with the attached Audit Report.*

# Tandem Respite Incorporated

## Balance Sheet

As at 30 June 2008

	Note	2008 \$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	5	1,103,677
Trade and other receivables	6	220,967
Other assets	7	106,404
<b>Total current assets</b>		<b>1,431,048</b>
<b>Non-current assets</b>		
Other financial assets	8	3,602
Property, plant and equipment	9	206,677
<b>Total non-current assets</b>		<b>210,279</b>
<b>TOTAL ASSETS</b>		<b>1,641,327</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	10	483,688
Financial liabilities	11	45,382
Provisions	12	240,797
Unearned revenue	13	315,156
<b>Total current liabilities</b>		<b>1,085,023</b>
<b>Non-current liabilities</b>		
Provisions	12	51,507
<b>Total non-current liabilities</b>		<b>51,507</b>
<b>TOTAL LIABILITIES</b>		<b>1,136,530</b>
<b>NET ASSETS</b>		<b>504,797</b>
<b>EQUITY</b>		
Accumulated surplus		500,440
Reserves	14	4,357
<b>TOTAL EQUITY</b>		<b>504,797</b>

*The accompanying notes form part of these financial statements.  
These financial statements should be read in conjunction with the attached Audit Report.*

# Tandem Respite Incorporated

## Statement of Changes in Equity

For the Period Ended 30 June 2008

	Financial Assets Reserve \$	Membership Fees Reserve \$	Retained Surplus \$	Total \$
<b>Balance at 19 February 2008</b>	<b>3,707</b>	<b>1,046</b>	<b>748,982</b>	<b>753,735</b>
Net surplus attributable to members	-	-	(248,542)	(248,542)
Movement in reserves	(396)	-	-	(396)
<b>Balance at 30 June 2008</b>	<b>3,311</b>	<b>1,046</b>	<b>500,440</b>	<b>504,797</b>

*The accompanying notes form part of these financial statements.  
These financial statements should be read in conjunction with the attached Audit Report.*

# Tandem Respite Incorporated

## Statement of Cash Flows

For the Period Ended 30 June 2008

	Note	2008 \$
<b>Cash from operating activities:</b>		
Receipts from government and members		1,849,528
Receipt from amalgamation		531,434
Payments to suppliers and employees		(1,347,306)
Interest received		31,742
<b>Net cash provided by (used in) operating activities</b>	18	<b>1,065,398</b>
<b>Cash flows from investing activities:</b>		
Payments to acquire property, plant and equipment		(7,103)
Proceeds from property, plant and equipment		-
<b>Net cash provided by (used in) investing activities</b>		<b>(7,103)</b>
<b>Cash flows from financing activities:</b>		
Repayment of borrowings		-
Proceeds from borrowings		45,382
<b>Net cash provided by (used in) investing activities</b>		<b>45,382</b>
<b>Net increase (decreases) in cash held</b>		<b>1,103,677</b>
Cash at beginning of period		-
<b>Cash at end of period</b>	5	<b>1,103,677</b>

*The accompanying notes form part of these financial statements.  
These financial statements should be read in conjunction with the attached Audit Report.*

# Tandem Respite Incorporated

## Notes to the Financial Statements

For the Period Ended 30 June 2008

### 1. Statement of significant accounting policies

#### (a) General information

The financial report covers Tandem Respite Incorporated as an individual entity. Tandem Respite Incorporated is an association incorporated in the Australian Capital Territory under the *Associations Incorporations Act 1991*.

Tandem Respite Incorporated began to exist on 19 February 2008 when Family Based Respite Care Incorporated and Respite Care ACT Incorporated amalgamated into the new entity.

#### (b) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the *Associations Incorporation Act 1991*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

Any new Accounting Standards that have been issued but are not yet effective at balance date have not been applied in the preparation of this financial report. The possible impacts of the initial application of these Accounting Standards have not been assessed.

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

#### (c) Income tax

The association is a public benevolent institution under section 50-5 of the *Income Tax Assessment Act 1997* and is exempt from income tax.

#### (d) Property, plant and equipment

##### Plant and equipment

Plant and equipment with a cost greater than \$1,000 are brought to account at cost less accumulated depreciation. The carrying amount of fixed assets is reviewed annually by management to ensure it is not in excess of the remaining service potential of those assets.

# Tandem Respite Incorporated

## Notes to the Financial Statements

For the Period Ended 30 June 2008

### Depreciation

The carrying amount of all fixed assets having a limited useful life is depreciable over their useful lives commencing from the time the asset is ready for use, using the straight-line method.

The depreciation rates used for each of the depreciable assets are:

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Building Improvements	20%
Computers and Software	30%
Office Equipment	14.29%
Telephone Installations	10%
Office Furniture and Fittings	10%
Motor Vehicles	14%

### Impairment

At each reporting date, the association 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 costs to sell and value in use, is compared to the asset's carrying value. As a not-for-profit entity, value in use, according to *AASB 136 Impairment of Assets*, is depreciated at replacement cost.

#### (e) Employee benefits

Provision is made for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year have been measured at their nominal amount. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made to employee superannuation funds and are charged as expenses when incurred.

#### (f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

#### (g) Available-for-sale financial assets

Available-for-sale financial assets (including listed investments) are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to the Financial Assets Reserve.

# Tandem Respite Incorporated

## Notes to the Financial Statements

For the Period Ended 30 June 2008

### (h) Revenue recognition

#### Fees for services

Revenue from the rendering of services including services provided under ACT Government service purchase contracts is recognised upon the delivery of the service to the customer. Where amounts have been received in respect of ACT Government service purchase contracts but the outputs and/or quantitative performance indicators have not been fully achieved, an amount equivalent to services unperformed at balance date is recognised as unearned revenue (liability).

#### Grant income

Grants are brought to account as income in the year received or receivable to the extent of expenditure during the year on the purpose of the grant. Grant monies that have been received or are receivable but have not been expended at balance date, including interest thereon where required under the terms of the grant, are carried forward as unexpended grants (other current liabilities).

#### Other income

All other sources of income are brought to account as income when the related goods or services have been provided and the income earned.

#### Assets received free-of-charge

Goods and services received free of charge are recognised in the income statement as revenue when and only when a fair value can be reliably determined. No assets free-of-charge were received during the current period.

### (i) Goods and Services Tax (GST)

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

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

### (j) Rounding of amounts

Amounts in the financial report and Board of Management's report have been rounded off to the nearest \$1.

### (k) Critical accounting estimates and judgments

The Board of Management members 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 based on current trends and economic data, obtained both externally and within the association.

# Tandem Respite Incorporated

## Notes to the Financial Statements

For the Period Ended 30 June 2008

### Key estimates – impairment

The association assess impairment at each reporting date by evaluating conditions specific to the association that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. No impairment triggers were present at 30 June 2008.

### 2. Revenue

	2008
	\$
Services rendered:	
– government funding	1,546,311
– parent’s contributions	84,778
– services purchased	124,112
– interest	31,742
– dividends	138
<b>Total revenue</b>	<b>1,787,081</b>

### 3. Surplus/ (deficit) from ordinary activities

Net surplus / (deficit) from ordinary activities has been determined after:

	2008
	\$
Depreciation of non-current assets:	
– building improvements	277
– computers and software	7,642
– office equipment	1,115
– telephone installations	99
– office furniture and fittings	1,336
– motor vehicles	3,828
	<b>14,297</b>

Write-down of assets:	
– net loss on disposal of plant and equipment	4,432
– bad and doubtful debts	16,611
	<b>21,043</b>

Rental expense on operating leases:	
– minimum lease payments	10,358

# Tandem Respite Incorporated

## Notes to the Financial Statements

For the Period Ended 30 June 2008

### 4. Auditors' remuneration

	2008
	\$
Remuneration of the auditor for:	
– auditing or reviewing the financial report	337
– other services	-
	<u>337</u>

### 5. Cash and cash equivalents

	2008
	\$
Cash on hand	300
Bank balances	7,415
Short-term deposits	1,095,962
	<u>1,103,677</u>

### 6. Trade and other receivables

	2008
	\$
CURRENT	
Service payments due	153,411
Less: Provision for doubtful debts	(25,991)
	<u>127,420</u>
Accrued income	1,386
Other receivables	92,161
	<u>220,967</u>

### 7. Other current assets

	2008
	\$
CURRENT	
Prepayments	106,404
	<u>106,404</u>

### 8. Financial assets

	2008
	\$
NON-CURRENT	
Listed shares – at fair value	3,602
	<u>3,602</u>

*These notes form part of the financial statements.*

# Tandem Respite Incorporated

## Notes to the Financial Statements

For the Period Ended 30 June 2008

### 9. Property, plant and equipment

	2008
	\$
Building improvements	
At cost	73,208
Less accumulated depreciation	(72,707)
	<b>501</b>
Computers and software	
At cost	123,964
Less accumulated depreciation	(85,737)
	<b>38,227</b>
Office equipment	
At cost	35,586
Less accumulated depreciation	(29,862)
	<b>5,724</b>
Telephone installations	
At cost	13,653
Less accumulated depreciation	(12,235)
	<b>1,418</b>
Office furniture and fittings	
At cost	56,914
Less accumulated depreciation	(34,497)
	<b>22,417</b>
Motor vehicles	
At cost	175,294
Less accumulated depreciation	(36,904)
	<b>138,390</b>
<b>Total property, plant and equipment</b>	<b>206,677</b>

#### (a) Movements in carrying amounts

	Building Improvements \$	Computers and Software \$	Office Equipment \$	Telephone Installations \$
Balance at beginning of period	-	-	-	-
Transfer on amalgamation	778	40,156	11,108	1,517
Additions	-	5,876	-	-
Disposals	-	(163)	(4,269)	-
Depreciation expense	(277)	(7,642)	(1,115)	(99)
<b>Carrying amount at end of period</b>	<b>501</b>	<b>38,227</b>	<b>5,724</b>	<b>1,418</b>

# Tandem Respite Incorporated

## Notes to the Financial Statements

For the Period Ended 30 June 2008

### 9. Property, plant and equipment continued

	Office Furniture and Fittings \$	Motor Vehicles \$	Total \$
Balance at beginning of period	-	-	-
Transfer on amalgamation	22,526	142,218	218,303
Additions	1,227	-	7,103
Disposals	-	-	(4,432)
Depreciation expense	(1,336)	(3,828)	(14,297)
<b>Carrying amount at end of period</b>	<b>22,417</b>	<b>138,390</b>	<b>206,677</b>

### 10. Trade and other payables

	2008 \$
CURRENT	
Creditors	126,405
Net GST payable	110,112
Employee benefits payable	245,043
Other payables	2,128
	<b>483,688</b>

### 11. Financial liabilities

	2008 \$
CURRENT	
Bank overdrafts	45,382
	<b>45,382</b>

### 12. Provisions

	2008 \$
CURRENT	
Annual leave	63,550
Long service leave	177,247
	<b>240,797</b>
NON-CURRENT	
Long service leave	51,507
	<b>51,507</b>

# Tandem Respite Incorporated

## Notes to the Financial Statements

For the Period Ended 30 June 2008

### 13. Unearned revenue

	2008
	\$
CURRENT	
Unexpended grants	315,156
	<hr/>
	315,156
	<hr/> <hr/>

### 14. Reserves

#### Membership fees reserve

The membership fees reserve records the receipt of membership fees from members.

#### Financial assets reserve

This reserve records the changes in the fair value of listed investments.

### 15. Lease commitments

Cancellable operating leases contracted for but not capitalised in the financial statements:

	2008
	\$
Payable:	
- not later than one year	18,859
- between 1 and 5 years	-
	<hr/>
	18,859
	<hr/> <hr/>

The property lease is a cancellable lease for a term of 5 years, expiring on 20 November 2011. Rent is payable monthly in advance. Due to the amalgamation of Family Based Respite Care Incorporated with Respite Care ACT Incorporated, the association has provided 6 months notice of their intention to cancel the lease due to the need to house Tandem Respite Incorporated in one location.

### 16. Economic dependency

Significant financial support was received from the ACT Government during the period as a significant purchaser of respite care services. The future operations of the association in its current form are largely dependent upon continued purchase of respite care services from the ACT Government. Current purchasing contracts expire on 30 June 2008 and have been transferred to Tandem Respite Incorporated from Family Based Respite Care Incorporated as at 19 February 2008.

# Tandem Respite Incorporated

## Notes to the Financial Statements

For the Period Ended 30 June 2008

### 17. Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

#### (a) Key management personnel

	2008
	\$
David Morphett (DJ Morphett and Associates)	7,546
	<u>7,546</u>

### 18. Cash flow information

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

	2008
	\$
Net income / (loss) for the period	(248,542)
Receipt from amalgamation	531,434
Non-cash flows in profit	
Depreciation	14,297
Net loss / (gain) on disposal of equipment	4,432
Provision for doubtful debts	25,991
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries	
(Increase) / decrease in trade and term receivables	(246,958)
(Increase) / decrease in other assets	(106,404)
Increase / (decrease) in trade payables and accruals	483,688
Increase / (decrease) in unearned revenue	315,156
Increase / (decrease) in provisions	292,304
Increase / (decrease) in other liabilities	-
	<u>1,065,398</u>

# Tandem Respite Incorporated

## Notes to the Financial Statements

For the Period Ended 30 June 2008

### 19. Subsequent events

The financial report was authorised for issue on the date of signing the Statement by the Committee on page 21 of this report.

### 20. Association details

The registered office of the association is:

Tandem Respite Incorporated  
Grant Cameron Community Centre  
27 Mulley Street  
HOLDER ACT 2611

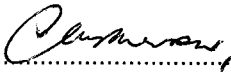
# Tandem Respite Incorporated


## Statement by the Committee

In the opinion of the committee the financial report as set out on pages 7 to 20:

1. Presents a true and fair view of the financial position of Tandem Respite Incorporated as at 30 June 2008 and its performance for the period ended on that date in accordance with Australian Accounting Standards, mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards Board.
2. At the date of this statement, there are reasonable grounds to believe that Tandem Respite Incorporated will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Committee Members and is signed for and on behalf of the Committee Members by:

President: .....  .....

Treasurer: .....  .....

Dated this ..... 30<sup>th</sup> ..... day of October ..... 2008