

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
GIPPSLAND LAKES COMMUNITY HEALTH**

ABN: 390 4151 4660

www.whk.com.auWHK Audit (Vic)
ABN 27 621 602 883**Report on the Financial Report**

We have audited the accompanying financial report, being a special purpose financial report, of Gippsland Lakes Community Health, which comprises the balance sheet as at 30 June 2010 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report and have 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 requirements of the *Corporations Act 2001* and are appropriate to meet the needs of the members. The directors' responsibility also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. 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 engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

The financial report has been prepared for distribution to members for the purpose of fulfilling the directors' financial reporting under the *Corporations Act 2001*. 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 *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the Board on the same day as this auditor's report.

Auditor's Opinion

In our opinion the financial report of Gippsland Lakes Community Health 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 2010 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
- ii. complying with Australian Accounting Standards to the extent described in Note 1 and complying with the *Corporations Regulations 2001*.



ROCHELLE WRIGGLESWORTH – RCA
Partner



WHK AUDT (VIC)
Date: 1 October 2010

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

TO THE MEMBERS OF GIPPSLAND LAKES COMMUNITY HEALTH

ABN: 39 041 514 660

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2010 there have been:

- (a) no contraventions of the auditor's 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.

A handwritten signature in black ink, appearing to read 'R. Wrigglesworth'.

ROCHELLE WRIGGLESWORTH – RCA
Partner

A handwritten signature in black ink, appearing to read 'WHK Audit (Vic)'.

WHK AUDIT (VIC)
Date: 1 October 2010

GIPPSLAND LAKES COMMUNITY HEALTH

DIRECTOR'S DECLARATION

The directors of the company declare that:

- A. The financial statements and notes, as set out on the attachments are in accordance with the *Corporations Act 2001* and:
- (i) Comply with Australian Accounting Standards; and
 - (ii) Give a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date of the company.
- B. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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


.....
Jeff Wilson (Chairman and Director)

Dated this.....1st.....day of.....October.....2010

1st October 2010

Rochelle Wrigglesworth
WHK Audit (Vic)
445 Raymond Street
SALE VIC 3850

Dear Mrs Wrigglesworth

This representation letter is provided in connection with your audit of the financial report of Gippsland Lakes Community Health for the year ended 30 June 2010, for the purpose of you expressing an opinion as to whether the financial report is, in all material respects, in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

We acknowledge our responsibility for ensuring that the financial report is in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia,

and confirm that the financial report is free of material misstatements, including omissions.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

1. We have made available to you:

- (a) all financial records and related data, other information, explanations and assistance necessary for the conduct of the audit; and
- (b) minutes of all meetings of directors.


2. There:

- (a) has been no fraud, error or non-compliance with laws and regulations involving management or employees who have a significant role in internal control;
- (b) has been no fraud, error or non-compliance with laws and regulations that could have a material effect on the financial report; and
- (c) have been no communications from regulatory agencies concerning non-compliance with deficiencies in, financial reporting practices that could have a material effect on the fi

3. We acknowledge our responsibility for the design and implementation of internal control to prevent and detect error. We have established and maintained adequate internal control to facilitate the preparation of a reliable financial report, and adequate financial records have been maintained. There are no material transactions that have not been properly recorded in the accounting records underlying the financial report.
4. We have no plans or intentions that may materially affect the carrying values, or classification, of assets and liabilities.
5. We have considered the requirements of AASB 136, "Impairment of Assets", when assessing the impairment of assets and in ensuring that no assets are stated in excess of their recoverable amount.
6. The following have been properly recorded and/or disclosed in the financial report:
 - (a) related party transactions and related amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements and guarantees (written or oral);
 - (b) share options, warrants, conversions or other requirements;
 - (c) arrangements involving restrictions on cash balances, compensating balances and line-of-credit or similar arrangements;
 - (d) agreements to repurchase assets previously sold;
 - (e) material liabilities or contingent liabilities or assets including those arising under derivative financial instruments;
 - (f) unasserted claims or assessments that our lawyer has advised us are probable of assertion; and
 - (g) losses arising from the fulfilment of, or an inability to fulfil, any sale commitments or as a result of purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of prevailing market prices.
7. There are no violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial report or as a basis for recording an expense.
8. The entity has satisfactory title to all assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral. Allowances for depreciation have been adjusted for all important items of property, plant and equipment that have been abandoned or are otherwise unusable.
9. The entity has complied with all aspects of contractual agreements that would have a material effect on the financial report in the event of non-compliance.
10. There were no material commitments for construction or acquisition of property, plant and equipment or to acquire other non-current assets, such as investments or intangibles, other than those disclosed in the financial report.
11. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.
12. No events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial report.

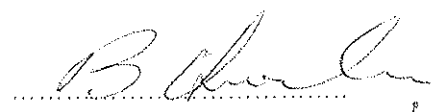
We understand that your examination was made in accordance with Australian Auditing Standards and was, therefore, designed primarily for the purpose of expressing an opinion on the financial report of the entity taken as a whole, and that your tests of the financial records and other auditing procedures were limited to those which you considered necessary for that purpose.

Yours faithfully



Jeff Wilson – Chairperson, Board of Directors

1/10/10



Bruce Hurley, Chief Executive

1/10/10

GIPPSLAND LAKES COMMUNITY HEALTH

DIRECTORS' REPORT

Your directors present this report on the entity for the financial year ended 30 June 2010.

Directors

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

Jeffrey Wilson
William Morison
Edward Hare
Michael Anketell
Adrian Jackson
Elaine Couzens – Retired October 2009
Joanne Booth
Anne Mwangi – Appointed September 2009
Judy Wicks - Appointed November 2009
Paula Morgan – Appointed November 2009

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 entity secretary at the end of the financial year:

Bruce Hurley, Chief Executive. Bruce Hurley has worked for Gippsland Lakes Community Health for the past 6 years, performing the Chief Executive role. Bruce Hurley was appointed to Chief Executive on 15/06/04.

Principal Activities

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

Gippsland Lakes Community Health is a health service provider in East Gippsland, noted for the provision of health and community services, its ability to relate to and provide services to the most disadvantaged communities, and its championing of the social model of health.

There were no significant changes in the nature of the entity's activity during the financial year.

Operating Results

The surplus of the entity amounted to \$720,369. (2009, deficit of \$116,750).

Significant Changes in State of Affairs

No significant changes in the entity's state of affairs occurred during the financial year.

After Balance Date Events

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

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.

Information on Directors

Jeffrey Wilson Board Chairperson

Qualifications:

Diploma in Metallurgy
Grad. Diploma in Electronic Computing
Diploma of Education.

Experience:

Principal
Deputy Chairperson Mollacoota Water Board (4 Yrs)
Chairperson East Gippsland Network of Schools (5 Yrs)
Chairperson Gippsland Lakes Community Health Board (9 Yrs).

Special Responsibilities:

Board Chairperson
Member Audit Committee (finance)

Joanne Booth Board Vice Chairperson
Chairperson Audit Committee (non-finance)

Qualifications:

Master Public Health
Grad.Dip. Occupational Health
Bachelor Of Arts
Cert of Advanced Nursing, Cert of General Nursing.
Company Directors course.

Experience:

CEO and Executive Director, Victorian College of Optometry.
Board member National Vision Research Institute.
Board member Victorian Healthcare Association.
Member Lord Mayors Charitable Fund Health Grants Panel.
CEO Victorian Trauma Foundation (5 years).

Special Responsibilities:

Director
Member GLCH/BRH Alliance Committee.

Edward Hare Chairperson Audit Committee (finance)

Qualifications:

Diploma of Civil Engineering
Teachers Certificate

Experience:

Principal/District Liaison Principal.
Former Board Member Lakes Entrance Community Health Centre 1987-93.
Gippsland Regional Board of Education 1987/88.
Member and Chairperson of numerous Committees throughout career as College Principal and District Liaison Principal.

Special Responsibilities:

Director

Michael Anketell

Experience:

Board member National Furniture buying and merchandising group (12 Yrs).

Special Responsibilities:

Director
Member Audit Committee (finance)

William Morison Director

Qualifications:

School Certificate (New Zealand)

Experience:

Founding President and Member Committee of Management For Hospice Lakes Entrance Inc (4 Yrs)

Founding Treasurer and member Committee of Management, Lakes Entrance Neighbourhood House Inc (9 Yrs)

Chairperson, Lakes Entrance Police Community Consultative Committee (7 Yrs).

Special Responsibilities:

Director

Member Audit Committee (non-finance)

Adrian Jackson Director

Qualifications:

Bachelor of Law

Experience:

Admitted to Legal Practice as a Barrister and Solicitor, Port Moresby 1975. Legal Counsel to Papua New Guinea Electricity Commission.

Senior Defending Officer Public Solicitors' Office.

Legal Counsel to Northern Territory Electricity Commission.

Admitted to Legal Practice, Supreme Court of Victoria, November 1981.

Criminal Law Barrister in Melbourne.

September 2008, appointed as a Community Visitor by Department of Justice.

August 2009, appointed as an Independent Third Person by Department of Justice.

Special Responsibilities:

Director

Member Audit Committee (non-finance)

Elaine Couzens Director – Retired October 2009

Anne Mwagiru Director – Appointed September 2009.

Qualifications:

Masters in Information Technology,

Bachelor of Computer Science

Currently completing a Masters in Business Administration.

Experience:

Private and public health organisations.

Board member Gippsland Grammar.

Special Responsibilities:

Director

Member Audit Committee (non-finance)

Judy Wicks Director – Appointed November 2009.

Qualifications:

Bachelor Applied Science Optometry.

Experience:

Optometry business providing services across East Gippsland.

Board member on numerous community service clubs such as Chamber of Commerce and Rotary.

Special Responsibilities:

Director

Member Audit Committee (non-finance)

Paula Morgan

Director – appointed November 2009.

Qualifications:

Bachelor of Nursing

Experience:

Executive Officer of the Lakes Entrance Aboriginal Health Association.

Special Responsibilities:

Director

Representative of Lakes Entrance Aboriginal Health Association.

Meetings of Directors

During the financial year, 12 meetings of directors were held. Attendance by each director were as follows:

	Number eligible	Number attended
Jeff Wilson	12	10
Edward Hare	12	9
Adrian Jackson	12	11
Mike Anketell	12	10
William Morison	12	11
Elaine Couzens	3	2
Joanne Booth	12	11
Anne Mwagiru	10	9
Judy Wicks	9	7
Paula Morgan	9	5

Indemnifying Officers or Auditor

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

Proceedings on Behalf of the Entity

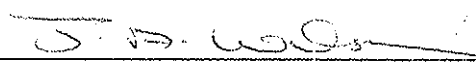
No person has applied for leave of Court to bring proceedings on behalf of the entity or intervene in any proceedings to which the entity is a party for the purpose of taking responsibility on behalf of the entity for all or any part of those proceedings.

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

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2010 has been received and can be found on the attachments to the directors' report.

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

Director 

Dated this 6th day of October 2010

GIPPSLAND LAKES COMMUNITY HEALTH

ABN: 39 041 514 660

COMPREHENSIVE STATEMENT OF INCOME FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
REVENUE			
Government Contributions			
- Dep't of Health		7,623,268	6,954,296
- Dept Early Childhood Development		876,204	724,539
- Other Government Grants		2,732,535	2,678,291
Fee for Service - Agencies		3,901,023	3,633,244
Fees - Clients		548,399	425,328
Indirect Contributions by Human Services		31,321	27,869
Interest		149,933	206,947
Other Income		407,804	562,851
Reimbursements		131,669	116,280
		16,402,156	15,329,645
EXPENSES			
Employee Benefits	2	12,381,926	11,359,405
Finance Costs		35,100	31,020
Supplies & Consumables	2	3,304,026	3,208,776
		15,721,052	14,599,201
Net Result Before Capital & Specific Items		681,104	730,444
Share of loss of joint venture	13	-	(41,406)
Capital works - Government Grants		400,000	150,000
Impairment loss - Buildings	3	-	(534,190)
Gain/(Loss) on Disposal of Non-Current Assets	3	18,452	(40,828)
Depreciation	3	(379,187)	(380,770)
NET RESULT FOR THE YEAR		720,369	(116,750)
Other Comprehensive Income			
Net fair value revaluation on Non-Financial Assets	3	-	(120,524)
COMPREHENSIVE RESULT FOR THE YEAR		720,369	(237,274)

The accompanying notes form part of this financial report

GIPPSLAND LAKES COMMUNITY HEALTH

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	Note	2010 \$	2009 \$
ASSETS			
Current Assets			
Cash Assets	6	471,001	1,137,455
Receivables	7	518,299	281,355
Other Financial Assets	8	3,077,475	2,523,934
Total Current Assets		4,066,775	3,942,744
Non-Current Assets			
Property, Plant & Equipment	3	7,489,357	6,183,138
Total Non-Current Assets		7,489,357	6,183,138
TOTAL ASSETS		11,556,132	10,125,882
LIABILITIES			
Current Liabilities			
Employee Benefits	4	1,392,543	1,143,361
Grants in Advance	5b	654,515	366,817
Payables	9	679,748	596,819
Unexpended Grants	5a	1,054,866	1,104,863
Total Current Liabilities		3,781,671	3,211,860
Non-Current Liabilities			
Employee Benefits	4	825,768	620,989
Other Financial Liabilities	13	-	64,711
Total Non-Current Liabilities		825,768	685,700
TOTAL LIABILITIES		4,607,440	3,897,560
NET ASSETS		6,948,692	6,228,322
EQUITY			
Accumulated Surplus	12	5,971,192	5,250,822
Asset Revaluation Reserve	11	977,500	977,500
TOTAL EQUITY		6,948,692	6,228,322

The accompanying notes form part of this financial report

GIPPSLAND LAKES COMMUNITY HEALTH

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2010

	Accumulated Surplus \$	Asset Revaluation Reserve \$	Total \$
Balance 1 July 2008	5,367,570	1,098,026	6,465,596
Net result for the year	(116,750)	-	(116,750)
Total Other Comprehensive Items	-	(120,524)	(120,524)
Balance 30 June 2009	<u>5,250,820</u>	<u>977,502</u>	<u>6,228,322</u>
Comprehensive result for the year	720,369	-	720,369
Balance 30 June 2010	<u>5,971,189</u>	<u>977,502</u>	<u>6,948,691</u>

The accompanying notes form part of this financial report

GIPPSLAND LAKES COMMUNITY HEALTH

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
Cash flows from operating activities			
Grants Received		11,501,029	10,617,037
Fees Received		4,212,478	4,189,013
Other Income		539,473	679,133
Interest Received		149,933	206,947
GST Net Received/(Paid)		(7,275)	87,134
Payments to suppliers and employees		<u>(15,241,598)</u>	<u>(14,320,564)</u>
Cash generated from operating activities		1,154,040	1,458,700
Capital Grants - DHS		<u>400,000</u>	<u>150,000</u>
Net cash inflow from operating activities	6(b)	<u>1,554,040</u>	<u>1,608,700</u>
Net Cash inflow from investing activities			
Purchase of property, plant & equipment		(1,878,592)	(1,206,801)
Proceeds on sale of fixed assets		211,638	321,459
(Purchase)/redemption of investments		<u>(553,540)</u>	<u>(1,523,934)</u>
Net cash outflow from investing activities		<u>(2,220,494)</u>	<u>(2,409,276)</u>
Net increase/(decrease) in cash held		(666,454)	723,359
Cash at the beginning of the financial year		<u>1,137,455</u>	<u>414,096</u>
Cash at the end of the financial year	6(a)	<u><u>471,001</u></u>	<u><u>1,137,455</u></u>

The accompanying notes form part of this financial report

GIPPSLAND LAKES COMMUNITY HEALTH

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2010

Note 1: Statement of Significant Accounting Policies

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users who are dependent on its general purpose financial reports. This financial report is therefore a special purpose financial report that has been prepared in order to meet the requirements of the Corporations Act 2001.

The financial report has been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the Corporations Act 2001 and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies that have been adopted in the preparation of this report are as follows:

(a) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

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 the 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.

It is the policy of the company to treat grant income as unexpended grants in the statement of financial position where the company is contractually obliged to provide the services in a subsequent financial period, or in the case of specific project grants, where the project has not been completed.

Gippsland Lakes Community Health receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of comprehensive income.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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 values are indicated, less, where applicable, accumulated depreciation and impairment losses.

GIPPSLAND LAKES COMMUNITY HEALTH

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2010

Note 1: Statement of Significant Accounting Policies

Property

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same class of asset are charged against fair value reserves directly in equity all other decreases are charged to the statement of comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is 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 and recognised 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.

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

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the 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 used for each class of depreciable assets are:

	2010	2009
Buildings	2.5% Prime Cost	2.5% Prime Cost
Furniture and Fittings	10% Prime Cost	10% Prime Cost
Motor Vehicles	15% Diminishing Value	15% Diminishing Value
Plant & Equipment	10%-33.33% Prime Cost	10%-33.33% Prime Cost

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

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.

GIPPSLAND LAKES COMMUNITY HEALTH

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2010

Note 1: Statement of Significant Accounting Policies

(c) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or losses in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- i. the amount at which the financial asset or financial liability is measured at initial recognition;
- ii. less principal repayments;
- iii. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- iv. less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(i) 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.

(ii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the Statement of comprehensive income.

GIPPSLAND LAKES COMMUNITY HEALTH

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2010

Note 1: Statement of Significant Accounting Policies

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 expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(d) Impairment of Assets

At each reporting date, the entity reviews the carrying values of its 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. 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 asset's 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 determined as the depreciated replacement cost of an asset.

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

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

(e) Employee Benefits

Provision is made for the entity's liability for employee benefits arising from services rendered by employees to balance date. 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 nominal value.

An employee benefit liability is classified as a current liability if the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the period. This would include all annual leave and unconditional long service leave entitlements.

Contributions are made by the entity to an employee superannuation fund 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.

(g) 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 expense. Receivables and payables in the Statement of financial position are shown inclusive of GST.

GIPPSLAND LAKES COMMUNITY HEALTH

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2010

Note 1: Statement of Significant Accounting Policies

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.

(h) Income Tax

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

(i) 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 reporting date.

(j) Comparative Figures

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

(k) Rounding

Figures in the financial statement may not equate due to rounding.

(l) Critical Accounting Estimates and Judgments

In the application of AASs management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results from which form the basis of making the judgments. Actual results may differ from these estimates.

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

(m) Economic Dependence

Gippsland Lakes Community Health is dependent on funding from State and Commonwealth Government Grants for the majority of its revenue used to operate the business. At the date of this report the Board of Directors has no reason to believe the Government will not continue to support Gippsland Lakes Community Health.

(n) Adoption of New and Revised Accounting Standards

During the current year the company had adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Gippsland Lakes Community Health.

AASB 101: Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the company's financial statements.

GIPPSLAND LAKES COMMUNITY HEALTH

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2010

Note 1: Statement of Significant Accounting Policies

Disclosure impact

Terminology changes – The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity – The revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income – The revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate statement of comprehensive income and a statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

The company's financial statements now contain a statement of comprehensive income.

Other comprehensive income – The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

(n) New Accounting Standards for Application in Future Periods

The company does not anticipate early adoption of any of the below reporting requirements and does not expect them to have any material effect on the company's financial statements.

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The company has decided against early adoption of these standards. A discussion of those future requirements and their impact on the company is as follows:

- AASB 9: Financial Instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9{AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12} (applicable for annual reporting periods commencing on or after 1 January 2013)

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The company has not yet determined any potential impact on the financial statements.

The changes made to accounting requirements include: simplifying the classifications of financial assets into those carried at amortised costs and those carried at fair value; simplifying the requirements for embedded derivatives; removing the tainting rules associated with held-to-maturity assets; removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost; allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; requiring

GIPPSLAND LAKES COMMUNITY HEALTH

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2010

Note 1: Statement of Significant Accounting Policies

financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows.

- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011)

This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the company.

- AASB 2009-4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project {AASB 5, 8, 101, 107, 117, 118, 136 & 139} (applicable for annual reporting periods commencing from 1 January 2010).

These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the company.

- AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions {AASB 2} (applicable for annual reporting periods commencing on or after 1 January 2010).

These amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence these two Interpretations are superseded by the amendments. These amendments are not expected to impact the company.

- AASB 2009-9 Amendments to Australian Accounting Standards – Additional Exemptions for First-time Adopters {AASB 1} (applicable for annual reporting periods commencing on or after 1 January 2010).

These amendments specify requirements for entities using the full cost method in place of retrospective application of Australian Accounting Standards for oil and gas assets and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome. These amendments are not expected to impact the company.

- AASB 2009-10: Amendments to Australian Accounting Standards – Classification of Rights Issues {AASB 132} (applicable for annual reporting periods commencing on or after 1 February 2010)

The amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. The amendments are not expected to impact the company.

GIPPSLAND LAKES COMMUNITY HEALTH

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2010

Note 1: Statement of Significant Accounting Policies

- AASB 2009-12: Amendments to Australian Accounting Standards {AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052} (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the company.

- AASB 2009-13: Amendments to Australian Accounting Standards arising from Interpretation 19 {AASB 1} (applicable for annual reporting periods commencing on or after 1 July 2010).

This Standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This Interpretation is not expected to impact the company.

- AASB 2009-14: Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement {AASB Interpretation 14} (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

- AASB Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing from 1 July 2010).

This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the company.

(o) Gippsland Regional Information Technology Alliance

The Service was previously (up to 30 June 2009) one of twenty four health care institutions with an interest in the Gippsland Health Information Technology Alliance. The share of revenues, expenses, assets and liabilities was calculated on the basis of the gross operating revenue (GOR) of each of the participants and accounted for using the equity method (Refer Note 13).

GIPPSLAND LAKES COMMUNITY HEALTH

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	\$	\$
Note 2: Analysis of Expenses		
<i>Supplies and Consumables consist of the following items:</i>		
Client costs	665,911	613,562
Contract Services	730,043	674,535
Equipment purchases	49,341	82,911
Health Promotion, Education and Resources	224,937	196,019
Information technology	360,418	340,787
Medical supplies	119,467	109,765
Motor vehicle costs	254,433	273,135
Occupancy costs	139,180	115,933
Office costs	360,165	380,021
Repairs and maintenance costs	176,161	233,154
Staff related expenses	223,969	188,954
	<u>3,304,026</u>	<u>3,208,776</u>
<i>Employee Benefits consist of the following items:</i>		
Salaries	11,306,201	10,316,517
Superannuation	967,052	890,345
Workcover	108,673	152,543
	<u>12,381,926</u>	<u>11,359,405</u>
Note 3: Property, Plant & Equipment		
Land		
Land at Cost	170,000	170,000
Land at valuation 30-Jun-09	1,725,000	1,725,000
Total Land	<u>1,895,000</u>	<u>1,895,000</u>
Buildings		
Buildings at cost	1,622,114	150,000
Works in Progress	-	106,583
Buildings at valuation 30-Jun-09	2,630,000	2,630,000
Less Accumulated depreciation	(86,852)	(1,177)
	<u>4,165,262</u>	<u>2,885,406</u>
Plant and Equipment		
Plant and Equipment at cost	827,000	794,577
Less Accumulated depreciation	(565,005)	(504,042)
Total Plant and Equipment	<u>261,995</u>	<u>290,535</u>
Motor Vehicles		
Motor Vehicles at cost	1,520,106	1,456,859
Less Accumulated depreciation	(353,007)	(344,662)
Total Motor Vehicles	<u>1,167,099</u>	<u>1,112,197</u>
Total	<u>7,489,357</u>	<u>6,183,138</u>

GIPPSLAND LAKES COMMUNITY HEALTH

Note 3: NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2010 Property, Plant & Equipment (contd)

Land and buildings were revalued as at 30 June 2009 by C.J.A. Lee & Associates, C.J. Jordan FAPI. The basis of valuation is "fair value".

A reconciliation of the carrying amounts of each class of land, buildings, plant and equipment at the beginning and end of the current and previous years is set out below.

2010	Land	Buildings	Plant and Equipment	Motor Vehicles	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2009	1,895,000	2,885,406	290,535	1,112,197	6,183,138
Additions	-	1,365,665	89,259	423,668	1,878,592
Disposals	-	-	(343)	(192,843)	(193,186)
Depreciation	-	(85,810)	(117,455)	(175,922)	(379,187)
Balance at 30 June 2010	<u>1,895,000</u>	<u>4,165,261</u>	<u>261,996</u>	<u>1,167,100</u>	<u>7,489,357</u>

2009	Land	Buildings	Plant and Equipment	Motor Vehicles	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2008	1,262,750	3,849,641	226,313	1,035,406	6,374,110
Additions	170,000	256,333	175,975	604,493	1,206,801
Revaluation Increment/(Decrement)	462,250	(582,774)	-	-	(120,524)
Impairment Loss	-	(534,190)	-	-	(534,190)
Disposals	-	-	(2,436)	(359,850)	(362,286)
Depreciation	-	(103,601)	(109,317)	(167,852)	(380,770)
Balance at 30 June 2009	<u>1,895,000</u>	<u>2,885,406</u>	<u>290,535</u>	<u>1,112,198</u>	<u>6,183,138</u>

	2010 \$	2009 \$
Sale of Non-Current Assets		
Proceeds from disposal of assets	211,638	321,459
Less written down value of assets sold	193,186	(362,287)
Net loss on Sale of Non-Current Assets	<u>18,452</u>	<u>(40,828)</u>

Note 4: Employee Benefits

Current:

Annual Leave	759,471	691,609
Accrued Salaries	345,726	242,893
Accrued Day's Off	38,844	28,356
Salary Clearing Accounts	11,760	13,485
Long Service Leave	236,742	167,018
	<u>1,392,543</u>	<u>1,143,361</u>

Non-Current:

Long Service Leave	<u>825,768</u>	<u>620,989</u>
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GIPPSLAND LAKES COMMUNITY HEALTH

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	\$	\$
Note 5a: Unexpended Grants		
These program funds are all committed for expensing in 2010/2011		
Funds are represented by:		
DoH Funds:		
Aboriginal Health Promotion and Chronic Care	47,490	14,437
Alcohol and Drug Service	25,000	53,800
Allied Health	-	6,000
Counselling	71,261	54,000
East Gippsland Primary Care Partnership	160,076	212,620
Family Services	76,033	48,500
Health Promotion	85,301	97,515
Home Care	-	26,000
Indigenous Programs	117,808	170,267
Intake	60,308	25,000
Koori Justice	33,796	26,759
Professional Development	-	6,000
Supported Accommodation	10,000	18,000
	<u>687,073</u>	<u>758,898</u>
DEECD Grants:		
Disability	40,000	55,662
Early Childhood Intervention Service	110,209	97,848
Early Years	25,227	29,630
School Focussed Yth Service	25,310	25,000
	<u>200,746</u>	<u>208,140</u>
Other Grants:		
General Practice	-	30,000
Health Driver	-	1,387
Healthy for Life Indigenous Sports	9,949	-
Home Based Nursing	3,000	1,193
Koori Justice	-	18,000
Local Justice	13,671	4,226
Physically Active Koori Kids	18,396	-
Volunteer Coordination Proj	-	4,268
	<u>45,016</u>	<u>59,074</u>
Other Programs:		
Home Care	62,000	50,000
Indigenous Programs	51,964	28,750
LE Elders Group	8,068	-
	<u>122,032</u>	<u>78,750</u>
Total Unexpended Grants	<u>1,054,867</u>	<u>1,104,862</u>

GIPPSLAND LAKES COMMUNITY HEALTH

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
Note 5b: Grants in Advance	Note	
	\$	\$
Funds are represented by:		
DoH Grants:		
Alcohol and Drug Program	21,020	-
Allied Health	48,714	-
Closing the Gap	40,000	-
Disability - Case Management	15,660	-
Early Childhood Development	9,828	-
Facilitation Project	24,312	-
Health Promotion	4,545	27,300
Home Care	40,000	-
Individual Support Packages	3,718	-
Intake	-	10,000
Supported Accommodation	25,158	-
Young Parents and Parenting	50,000	-
	<u>282,954</u>	<u>37,300</u>
DEECD Grants:		
Early Childhood Development - Flexible Support	25,285	-
Early Childhood Development - Capacity Building	20,774	-
Indigenous Early Years (LTH&CS)	30,000	-
	<u>76,059</u>	<u>-</u>
Other Grants:		
Department of Education	-	90,995
Dept Fam., Housing & Cty Services - Emerg Relief	42,002	42,002
Dept Fam., Housing & Cty Services - Time Out	40,000	-
Department of Health & Ageing - EGPCP	-	9,091
Department of Health & Ageing - GP After hours	11,725	-
Department of Justice - EGPCP	-	10,000
EG Shire - Arts Program	8,000	13,636
EG Shire - Physically Active Kids	10,500	10,000
Kilmany - Cties for Children	8,500	8,000
Latrobe CH - Disability	2,583	17,304
Melbourne Citymission - Allied Health	4,334	-
Naidoc	4,000	-
Reconnect	-	8,500
Vic Health - Physically Active Koori Kids	90,000	39,885
	<u>221,644</u>	<u>249,413</u>
Other:		
Health Insurance Commission	70,079	80,104
Circus of the World	150	-
Practice Incentives	1,628	-
Vic Relief - emergency assistance	2,000	-
	<u>73,858</u>	<u>80,104</u>
Total Grants in Advance	<u>654,515</u>	<u>366,817</u>

Note 6: Cash Flows Information

(a) Reconciliation of Cash

Cash at Bank and on hand	<u>471,001</u>	<u>1,137,455</u>
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GIPPSLAND LAKES COMMUNITY HEALTH

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2010

**(b) Reconciliation of net result for the year
to net cash inflow from Operating Activities**

Net result for the year	720,369	(116,750)
<i>Non-cash flows from operations:</i>		
Depreciation	379,187	380,770
Impairment Loss	-	534,191
Loss on disposal on non-current assets	(18,452)	40,828
Gippsland Health Alliance share of joint venture	12	41,406
<i>Changes in assets and liabilities:</i>		
(Decrease)/Increase in employee benefits	453,961	277,966
Decrease/(Increase) in receivables	(236,944)	258,897
Increase/(Decrease) in payables	18,218	87,806
Increase (Decrease) in unexpended grants	(49,997)	13,492
Increase/(Decrease) in grants in advance	287,698	90,094
Net cash inflow from operating activities	1,554,040	1,608,700

Note 7: Receivables

Trade Debtors	466,897	241,665
Other Debtors	56,402	44,690
Provision for Doubtful Debts	(5,000)	(5,000)
	518,299	281,355

Note 8: Other Financial Assets

Current		
Term Deposits	3,077,475	2,523,934

Note 9: Payables

Accrued Expenses	51,350	15,500
GST Payable	229,053	236,328
Trade Creditors	387,726	333,861
Trust Scholarship	11,619	11,130
	679,748	596,819

Note 10: Commitments

Leasing Commitments

Operating leases relate to the lease of three vehicles with lease terms as follows:

Not longer than 1 year	10,919	17,389
Longer than 1 year	11,376	12,011
	22,295	29,400

Capital Commitments

Building Improvements - Jemmeson Street	59,680	1,384,472
Less construction to date	-	(106,583)
Balance	59,680	1,277,889

GIPPSLAND LAKES COMMUNITY HEALTH

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2010

Note 11: Asset Revaluation Reserve

Balance at 1 July	977,500	1,098,026
Revaluation Increment/(Decrements)		
- Land	-	462,250
- Buildings	-	(582,776)
Balance at 30 June	977,500	977,500

Represented by:

Land	977,500	977,500
Buildings	-	-
Total	977,500	977,500

Note 12: Accumulated Surplus

Balance 1 July	6,228,322	6,345,072
Result for the year	720,370	(116,750)
Balance 30 June	6,948,692	6,228,322

Note 13: Other Financial Liabilities

Interest in Jointly Controlled Entity Accounted for Using the Equity Method

	-	64,711
	-	64,711

Gippsland Lakes Community Health was part of a joint venture that provided information technology services to hospitals within the Gippsland region. Gippsland Lakes Community Health's share of Alliance funds was (2.2%). The relevant interest of Gippsland Lakes Community Health at 30 June 2009 is shown below:

Since the signing of a new joint venture agreement for Gippsland (IT) Health Alliance, effective from 1 July 2009, Gippsland Lakes Community Health is no longer able to participate as a member so its negative investment at 30 June 2009 of \$64,711 has been derecognised and is included as part of payables until the exact treatment of the amount is determined.

Name of Entity	Principal Activity	Country of Incorp'n	Ownership Interest		Published fair value	
			2010 %	2009 %	2010 \$'000	2009 \$'000
Gippsland Health Alliance	Information Technology	Australia	0.00	(2.22)	-	2,920

Summarised Financial Information of Jointly Controlled Entities Balance Sheet

Current Assets	-	77
Non-Current Assets	-	7
Share of Total Assets	-	84
Current Liabilities	-	(20)
Non-Current Liabilities	-	-
Share of Total Liabilities	-	(20)

GIPPSLAND LAKES COMMUNITY HEALTH

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2010	
Share of Net Assets	64
Share of Total Income	157
Share of Net Result	(41)

Revenue and expenditure of the Alliance forms part of the overall net surplus/deficit attributable to

During the year the organisation received dividends of \$0 (2009:\$0) from its jointly controlled entity

Note 14: Events after the Balance Sheet Date

The Board is not aware of any after balance sheet date events requiring disclosure.

Note 15: Contingent Assets and Contingent Liabilities

Contingent Assets	-	-
Contingent Liabilities	-	-

Note 16: Related Parties

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

No contracts were entered into with related parties during the year.

Note 17: Entity Details

The registered office of the company is:

18-28 Jemmeson Street
Lakes Entrance. 3909

The principal places of business are:

18-28 Jemmeson Street
Lakes Entrance. 3909

281-285 Main Street
Bairnsdale. 3875

Note 18: Members' Guarantee

The entity 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 \$1 each towards meeting any outstandings and obligations of the company. At 30 June 2010 the number of members was 111. (2009 : 99)