



BERRY STREET VICTORIA INC

ABN 24 719 196 762

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2011

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INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 \$	2010 \$
Revenue from operating activities			
Government and other grants		50,119,971	48,230,709
Charitable and fundraising revenue		2,963,799	1,212,630
Proceeds from bequests		100,000	100,000
Income from Investments		464,304	411,202
Other revenue		4,292,948	3,493,791
Total revenue	2	57,941,022	53,448,332
Expenses from operating activities			
Employee benefits expense	3 (a)	(40,719,775)	(34,812,517)
Depreciation and amortisation	3 (a)	(3,396,776)	(3,036,556)
Finance costs	3 (a)	(457,200)	(460,236)
Bad debts	3 (a)	-	-
Doubtful debts	3 (a)	(14,104)	(14,293)
Fundraising expense		(495,733)	(321,657)
Vehicle running expense		(1,925,042)	(1,790,164)
Occupancy expense		(3,804,885)	(3,068,037)
Clients' expense		(1,852,390)	(2,060,614)
Training expense		(1,013,111)	(814,729)
Audit, legal and consultancy expense		(422,358)	(635,899)
Administration expense		(2,318,021)	(2,168,163)
Other expenses		(2,562,119)	(2,258,646)
Total expenses		(58,981,514)	(51,441,511)
Operating profit		(1,040,492)	2,006,821
Revenue from non operating activities			
Income from investments		1,042,179	656,304
Proceeds from bequests		550,250	1,074,049
Profit /(loss) on sale of investments	3 (b)	-	10,221
Unrealised capital gain on investments		231,190	73,374
Gain /(loss) on sale of non current assets	3 (b)	402,905	279,264
Capital grants		26,400	478,226
Rental rebate		-	230,850
Total non operating revenue	2	2,252,924	2,802,288
Expenses from non operating activities			
Realisation Long Term Investments		-	(193,994)
Impairment Long Term Investments	1 (n)	-	-
Property transaction costs		-	(418,845)
Total non operating expenditure		-	(612,839)
Non-operating surplus		2,252,924	2,189,449
Profit before income tax		1,212,432	4,196,270
Income tax expense		-	-
Profit for the year		1,212,432	4,196,270
Profit attributable to members of the entity		1,212,432	4,196,270

The associating notes form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$	2010 \$
Profit for the year	1,212,432	4,196,270
Other comprehensive income after income tax:		
- Revaluation increment / (decrement) – financial assets	201,916	256,803
- Realisation of long term investments	-	193,994
Other comprehensive income/(loss) for the year, net of tax	201,916	450,797
Total comprehensive income for the year	1,414,348	4,647,067
Total comprehensive income attributable to members of the entity	1,414,348	4,647,067

The accompanying notes form part of these financial statements.

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

	Notes	2011 \$	2010 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	2,994,505	3,030,456
Trade and other receivables	5	1,398,266	1,429,191
Financial assets	6	7,500,000	10,031,725
Other assets	7	586,881	705,746
TOTAL CURRENT ASSETS		12,479,652	15,197,118
NON - CURRENT ASSETS			
Financial assets	6	18,378,181	14,903,607
Property, plant and equipment	8	15,986,100	16,150,519
Intangible assets	9	1,679,075	50,123
TOTAL NON-CURRENT ASSETS		36,043,356	31,104,249
TOTAL ASSETS		48,523,008	46,301,367
CURRENT LIABILITIES			
Trade and other payables	10	5,782,845	5,089,993
Borrowings	11	3,473,298	3,193,588
Short term provisions	13	1,819,589	1,270,704
TOTAL CURRENT LIABILITIES		11,075,732	9,554,285
NON-CURRENT LIABILITIES			
Borrowings	11	1,638,770	2,167,847
Long term provisions	13	727,294	912,371
TOTAL NON - CURRENT LIABILITIES		2,366,064	3,080,218
TOTAL LIABILITIES		13,441,796	12,634,503
NET ASSETS		35,081,212	33,666,864
EQUITY			
Retained Earnings		27,350,852	26,545,395
Reserves	14	7,730,360	7,121,469
TOTAL EQUITY		35,081,212	33,666,864

The associating notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011**

	Retained Earnings	Land and Buildings Revaluation Surplus	Financial Assets Revaluation Reserve	Unexpended Grants Reserve	Total
Balance at 1 July 2009	22,508,276	3,630,098	(796,845)	3,678,268	29,019,797
Profit attributable to the entity	4,196,270	-	-	-	4,196,270
Realisation of reserve on sale of property	227,925	(227,925)	-	-	-
Transfer from Unexpended Grants Reserve	(387,076)	-	-	387,076	-
Total other comprehensive income for the year	-	-	450,797	-	450,797
Balance at 30 June 2010	26,545,395	3,402,173	(346,048)	4,065,344	33,666,864
Profit attributable to the entity	1,212,432	-	-	-	1,212,432
Realisation of reserve on sale of property	-	-	-	-	-
Transfer to Unexpended Grants Reserve	(406,975)	-	-	406,975	-
Total other comprehensive income for the year	-	-	201,916	-	201,916
Balance at 30 June 2011	27,350,852	3,402,173	(144,132)	4,472,319	35,081,212

The associating notes form part of these financial statements.

**STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2011**

	Notes	2011 \$	2010 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from operating activities		56,583,489	55,488,447
Interest received		661,265	609,565
Dividends received		845,218	457,941
Payments to suppliers and employees		<u>(54,101,208)</u>	<u>(47,199,212)</u>
Net cash generated from operating activities	16 (b)	<u>3,988,764</u>	<u>9,356,741</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		2,756,755	2,977,546
Payment for property, plant and equipment		(2,028,012)	(1,044,781)
Proceeds from sale of investments		-	1,480,107
Payment for investments		<u>(3,041,468)</u>	<u>(6,500,000)</u>
Net cash used in investing activities		<u>(2,312,725)</u>	<u>(3,087,128)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Motor vehicle lease payments		<u>(4,243,715)</u>	<u>(4,371,025)</u>
Net cash (used in)/generated from financing activities		<u>(4,243,715)</u>	<u>(4,371,025)</u>
Net (decrease)/ increase in cash held		<u>(2,567,676)</u>	<u>1,898,588</u>
Cash at the beginning of the financial year		<u>13,062,181</u>	<u>11,163,593</u>
Cash at the end of the financial year	16 (a)	<u>10,494,505</u>	<u>13,062,181</u>

The associating notes form part of these financial statements.

BERRY STREET VICTORIA INC.
ABN 24 719 196 762
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Associations Incorporations Act 1981.

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.

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.

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 reserve until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Berry Street Victoria Incorporated 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).

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b) Property, Plant and Equipment

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

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.

In periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are charged to the statement of comprehensive income.

Any accumulated depreciation at the date of the 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 replacement amount of these assets. The replacement 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 been discounted to their present values in determining recoverable amounts.

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:

Class of Fixed Asset	Depreciation Rate
Buildings	3.3%
Plant and equipment	15.0% - 33.3%
Leased plant and equipment	15.0% - 33.3%

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

Asset classes 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 surplus relating to that asset are transferred to retained earnings.

BERRY STREET VICTORIA INC.
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NOTES TO THE FINANCIAL STATEMENTS
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c) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the entity are classified as finance leases.

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

Lease incentives 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

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 association 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 loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial 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) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, or where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

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

d) Financial Instruments continued

(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.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

(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. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

If during the period the association sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investment would be tainted and reclassified as available-for-sale.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after the end of the reporting period.

(v) 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 the end of each reporting period, the entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

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.

BERRY STREET VICTORIA INC.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

e) Impairment of Assets

At the end of each reporting period, 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 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 an assets 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 association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. 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. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Contributions are made by the entity to an employee 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, 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 statement of financial position.

h) 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.

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) Income Tax

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

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

j) Intangibles

Software

Software is recorded at cost. Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and five years. It is assessed annually for impairment.

k) 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.

l) Comparative Figures

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

When an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

m) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the association during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

n) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements 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 freehold land and buildings were independently valued in 2007-2008 by Goulburn Valley Property Services, Burnham Corporation and CJA Lee & Associations. The valuation was based on the fair value less cost to sell. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties. The valuation resulted in a revaluation increment of \$2,543,183 being recognised for the year ended 30 June 2008.

At 30 June 2011 the directors reviewed the key assumptions made by the valuers at 30 June 2008. They have concluded that these assumptions remain materially unchanged, and are satisfied that carrying value does not exceed the recoverable amount of land and buildings at 30 June 2011.

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n) Critical Accounting Estimates and Judgments (continued)

Key Judgments

Available-for-sale investments

The association maintains a portfolio of securities with a carrying value of \$11,776,708 at the end of the reporting period. The cost of the portfolio of securities is monitored on a monthly basis. The board does not believe there has been a significant decline in the cost and hence no impairment has been recognized.

o) Economic Dependence

Berry Street Victoria Incorporated is dependent on the Department of Human Services 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 Department will not continue to support Berry Street Victoria Incorporated.

p) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the association has decided not to early adopt. At 30 June 2011, the Standards and Interpretations listed below were in issue but not yet effective:

Standard/Interpretation	Effective for annual reporting periods beginning on or after
AASB 9: Financial Instruments	1 January 2013
AASB 124: Related Party Disclosures	1 January 2011
AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]	1 July 2013
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]	1 January 2011
AASB 2010-4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]	1 January 2011
AASB 2010-5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	1 January 2011
AASB 2010-6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]	1 July 2011
AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	1 January 2013
AASB 2010-8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	1 January 2012
AASB 1054: Australian Additional Disclosures	1 July 2011

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p) Adoption of New and Revised Accounting Standards (continued)

These Standards and Interpretations will be first applied in the financial report of the association that relates to the annual reporting period beginning after the effective date of each pronouncement.

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the association.

	2011	2010
	\$	\$
NOTE 2: REVENUE and OTHER INCOME		
Operating activities		
- State government grants	42,164,074	41,503,104
- Other government grants	3,479,591	2,714,630
- Other organisations	4,476,306	4,012,975
- Charitable income and fundraising	2,963,799	1,212,630
- Bequests received	100,000	100,000
- Rental income	269,675	169,134
- Interest received from corporations on working capital	464,304	411,202
- Other (miscellaneous programmatical income)	4,023,273	3,324,657
	<u>57,941,022</u>	<u>53,448,332</u>
Non operating activities		
Interest received from corporations	196,961	198,363
Dividends received from corporations	845,218	457,941
Gain/(loss) on disposal of investments	-	10,221
Unrealised capital gain/(loss) on investments	231,190	73,374
Gain/(loss) on sale of non current assets	402,905	279,264
Bequests received	550,250	1,074,049
Capital grants	26,400	478,226
Rental Rebate	-	230,850
	<u>2,252,924</u>	<u>2,802,288</u>
Total Revenue	60,193,946	56,250,622

BERRY STREET VICTORIA INC.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$	\$
NOTE 3: PROFIT FOR THE YEAR		
Profit has been determined after:		
(a) Expenses		
Employee benefits expense		
- Salaries and wages	36,851,935	31,526,175
- Superannuation	2,933,977	2,605,033
- Workcover	933,863	681,309
Total employee benefits expense	40,719,775	34,812,517
Number of employees at year end	708	781
Depreciation and amortisation		
- Buildings	398,363	438,380
- Motor vehicles	2,129,699	1,907,316
- Furniture and equipment	479,203	586,530
- Donated Property	1,054	-
- Software	19,995	20,027
- Assets expensed	368,462	84,303
Total depreciation and amortisation	3,396,776	3,036,556
Finance costs	457,200	460,236
Doubtful debts expense	14,104	14,293
Auditor remuneration		
- Audit services	34,200	32,700
- Other services	19,380	24,625
Total audit remuneration	53,580	57,325
(b) Significant Revenue and Expenses		
Net gain / (loss) on disposal of Non Current Assets		
Property, plant and equipment		
Proceeds on disposal	2,756,754	2,977,546
Disposals at cost	(2,353,849)	(2,698,282)
Net gain / (loss) on disposals	402,905	279,264
Investments		
Proceeds on disposal	-	1,480,107
Disposals at cost	-	(1,469,886)
Net gain / (loss) on disposals	-	10,221

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FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$	\$
NOTE 4: CASH AND CASH EQUIVALENTS		
CURRENT		
Cash at bank	2,960,805	2,996,956
Cash on hand	<u>33,700</u>	<u>33,500</u>
	<u>2,994,505</u>	<u>3,030,456</u>

Cash at end of the financial year as shown in the Statement of Cashflow is reconciled in the Statement of Financial Position as follows:

Cash and cash equivalents	2,994,505	3,030,456
Current financial assets	<u>7,500,000</u>	<u>10,031,725</u>
	<u>10,494,505</u>	<u>13,062,181</u>

NOTE 5: TRADE AND OTHER RECEIVABLES

CURRENT		
Trade receivables	819,997	975,702
Provision for impairment	<u>(160,158)</u>	<u>(146,054)</u>
	659,839	829,648
Other receivables	<u>738,427</u>	<u>599,543</u>
Total current trade and other receivables	<u>1,398,266</u>	<u>1,429,191</u>

(a) Provision For Impairment of Receivables

Current trade and term receivables are generally on 30 day terms. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. These amounts have been included in other expense items.

Movement in the provision for impairment of receivables is as follows:

	Opening Balance 01-Jul-10	Charge for The Year	Amounts Written Off	Closing Balance 30-Jun-11
2011	\$	\$	\$	\$
Provision for impairment of receivables	<u>146,054</u>	<u>14,104</u>	<u>-</u>	<u>160,158</u>
	Opening Balance 01-Jul-09	Charge for The Year	Amounts Written Off	Closing Balance 30-Jun-10
2010	\$	\$	\$	\$
Provision for impairment of receivables	<u>131,761</u>	<u>14,293</u>	<u>-</u>	<u>146,054</u>

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FOR THE YEAR ENDED 30 JUNE 2011

NOTE 5: TRADE AND OTHER RECEIVABLES (continued)

(b) Credit Risk

The entity does not have any material credit risk exposure to any single receivable or group of receivables.

The following table details the entity's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the entity and the customer or party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there specific circumstances indicating that the debt may not be fully repaid to the entity.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross Amount	Past due and impaired	Within Initial Trade Terms	Past due but not impaired (days overdue)		
				<30	31-60	>60
				\$	\$	\$
Trade receivables	819,997	160,158	398,895	177,211	83,733	-
Other Receivables	738,427	-	738,427	-	-	-
Total	1,558,424	160,158	1,137,322	177,211	83,733	-

	Gross Amount	Past due and impaired	Within Initial Trade Terms	Past due but not impaired (days overdue)		
				<30	31-60	>60
				\$	\$	\$
Trade receivables	975,702	146,054	547,798	160,948	120,902	-
Other Receivables	599,543	-	599,543	-	-	-
Total	1,575,245	146,054	1,147,341	160,948	120,902	-

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NOTES TO THE FINANCIAL STATEMENTS
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	2011	2010
	\$	\$
NOTE 6: FINANCIAL ASSETS		
CURRENT		
Financial assets at fair value through profit or loss		
- Term Deposits	7,500,000	10,031,725
NON CURRENT		
Held-for-trading Australian listed shares	6,601,473	6,268,000
- Securities in listed corporations are held for trading purposes to generate income through the receipt of dividends and capital gains.		
Available-for-sale financial assets		
- Managed investment funds	11,776,708	8,635,607
	18,378,181	14,903,607
 NOTE 7: OTHER ASSETS		
Accrued Income	216,791	380,090
Prepayments	370,090	325,656
	586,881	705,746

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

	2011	2010
	\$	\$
NOTE 8: PROPERTY, PLANT AND EQUIPMENT		
LAND AND BUILDINGS		
Freehold land at fair value:	3,605,000	3,605,000
Total land	<u>3,605,000</u>	<u>3,605,000</u>
Buildings at fair value:	6,651,233	5,491,399
Less accumulated depreciation	<u>(1,414,555)</u>	<u>(924,039)</u>
Total buildings	<u>5,236,678</u>	<u>4,567,360</u>
Total land and buildings	<u>8,841,678</u>	<u>8,172,360</u>
PLANT AND EQUIPMENT		
At cost	12,542,581	12,466,324
Less accumulated depreciation	<u>(5,398,159)</u>	<u>(4,488,165)</u>
Total plant and equipment	<u>7,144,422</u>	<u>7,978,159</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u>15,986,100</u>	<u>16,150,519</u>

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land and Buildings	Motor Vehicles	Furniture and Equipment	Total
	\$	\$	\$	\$
2011				
Balance at the beginning of the year	8,172,360	6,869,815	1,108,344	16,150,519
Additions	1,017,090	3,797,466	774,866	5,589,422
Disposals	-	(2,348,953)	(4,897)	(2,353,850)
Reclassification	50,591	-	(50,591)	-
Opening balance adjustment	-	(23,805)	(459)	(24,264)
Depreciation expense	<u>(398,363)</u>	<u>(2,129,699)</u>	<u>(847,665)</u>	<u>(3,375,727)</u>
Carrying amount at end of year	<u>8,841,678</u>	<u>6,164,824</u>	<u>979,598</u>	<u>15,986,100</u>
	Land and Buildings	Motor Vehicles	Furniture and Equipment	Total
	\$	\$	\$	\$
2010				
Balance at the beginning of the year	8,837,963	6,295,830	1,205,895	16,339,688
Additions	424,022	4,448,951	652,668	5,525,641
Disposals	(651,245)	(1,967,650)	(79,386)	(2,698,281)
Revaluation increment	-	-	-	-
Depreciation expense	<u>(438,380)</u>	<u>(1,907,316)</u>	<u>(670,833)</u>	<u>(3,016,529)</u>
Carrying amount at end of year	<u>8,172,360</u>	<u>6,869,815</u>	<u>1,108,344</u>	<u>16,150,519</u>

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FOR THE YEAR ENDED 30 JUNE 2011

NOTE 8: PROPERTY, PLANT AND EQUIPMENT (Continued)

It is the policy of the association to revalue land and buildings every three years and this will next occur during the 2011-2012 financial year. Valuers were instructed to determine fair market values for the properties and these were based on the direct comparison approach, using recent sales of properties in the neighbourhood, making adjustments for quality and condition of improvements, aspects of the land as well as redevelopment potential.

As at 30 June 2011 the directors reviewed the key assumptions made by the valuers at 30 June 2008. They have concluded that these assumptions remain materially unchanged, and are satisfied that the carrying value does not exceed the recoverable amount of land and buildings at 30 June 2011.

	2011	2010
	\$	\$
NOTE 9: INTANGIBLE ASSETS		
Cost	1,750,137	100,137
Accumulated amortisation	(71,062)	(50,014)
Net carrying value	1,679,075	50,123

Payroll software was purchased in 2008 and is a finite life intangible asset carried at cost less any accumulated amortisation. It has an estimated useful life of five years. It will be assessed annually for impairment.

Balance at the beginning of the year	50,123	70,151
Amortisation Charge	(19,994)	(20,028)
	30,129	50,123

A property was donated to the entity during the current year. The property was donated subject to various conditions of use in relation to the running of a specific project, as such the property was considered to be treated and classified as an intangible asset with a finite life in accordance with AASB138 Intangible Assets. The property was recognised at cost which is deemed to be the fair value of the property at the time it was donated and is amortised over the period of the specific project deemed to be ten years.

Balance at the beginning of the year	-	-
Additions	1,650,000	
Amortisation Charge	(1,054)	-
	1,648,946	-

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 10: TRADE AND OTHER PAYABLES

	Note	2011 \$	2010 \$
CURRENT			
Trade payables		862,642	617,262
Client funds		1,136,138	1,698,691
Other current payables		1,661,894	1,037,775
Employee entitlements		2,122,171	1,736,265
Total trade and other payables	10a	<u>5,782,845</u>	<u>5,089,993</u>

(a) Financial liabilities at amortised cost classified as trade and other payables

Trade and other payables			
- Total current		5,782,845	5,089,993
- Total non current		-	-
		<u>5,782,845</u>	<u>5,089,993</u>
Less client funds		(1,136,138)	(1,698,691)
Less employee entitlements		(2,122,171)	(1,736,265)
Financial liabilities as trade and other payables	15	<u>2,524,536</u>	<u>1,655,037</u>

NOTE 11: BORROWINGS

CURRENT			
Lease liabilities – secured		<u>3,473,298</u>	<u>3,193,588</u>
NON - CURRENT			
Lease liabilities - secured		<u>1,638,770</u>	<u>2,167,847</u>
TOTAL BORROWINGS	15	<u>5,112,068</u>	<u>5,361,435</u>

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

	2011	2010
	\$	\$
NOTE 12: LEASE COMMITMENTS		
a. Finance Lease Commitments		
Payable – minimum lease payments		
— not later than 1 year	3,746,783	3,489,972
— later than 1 year but not later than 5 years	1,770,597	2,316,940
Minimum lease payments	5,517,380	5,806,912
Less future finance charges	(405,312)	(445,477)
Present value of minimum lease payments	<u>5,112,068</u>	<u>5,361,435</u>

Finance leases on motor vehicles of which there are 259 (2010: 246), commencing between 2009 and 2011 are one to three-year leases all with an option to purchase at the end of the lease term. No debt covenants or such arrangements are in place.

b. Operating Lease Commitments

Payable		
— not later than 1 year	2,084,127	2,176,537
— later than 1 year but not later than 5 years	6,846,037	7,187,580
— later than 5 years	2,948,132	5,133,291
	<u>11,878,296</u>	<u>14,497,408</u>

The property lease commitments are non-cancellable operating leases contracted for but not capitalised in the financial statements with a five year term. Increase in lease commitments may occur in line with CPI.

The motor vehicle lease commitments are non-cancellable finance leases contracted for with a one, two or three year term. No capital commitments exist in regards to the lease commitments at year-end. Increase in lease commitments may occur in line with CPI. The leases have an effective yield of 7.95% and are secured by the underlying motor vehicle.

NOTE 13: PROVISIONS

	Long Term Employee Benefits	Total
	\$	\$
Opening balance at 1 July 2010	2,183,075	2,183,075
Additional provisions raised during year	431,943	431,943
Amounts utilised	(68,135)	(68,135)
Balance at 30 June 2011	<u>2,546,883</u>	<u>2,546,883</u>

Analysis of Total Provisions

	2011	2010
	\$	\$
Current	1,819,589	1,270,703
Non-current	727,294	912,371
Total Provisions	<u>2,546,883</u>	<u>2,183,074</u>

BERRY STREET VICTORIA INC.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 13: PROVISIONS (Continued)

Provision for long term Employee Benefits

A provision has been recognised for employee benefits 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 upon historical data. The measurement and recognition criteria for employee benefits has been included in Note 1.

NOTE 14: RESERVES

Asset Revaluation Surplus

The asset revaluation surplus records the revaluation of land and buildings to fair value.

Financial Assets Reserve

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

Unexpended Grants Reserve

The unexpended grants reserve records funds that have been received by the association but the related expenditure has not yet occurred.

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NOTE 15: FINANCIAL RISK MANAGEMENT

The association's financial instruments consist mainly of deposits with banks, local money market instruments, short term investment, accounts receivable and payable and leases.

The total for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2011 \$	2010 \$
Financial Assets			
Cash and cash equivalents	4	2,994,505	3,030,456
Loans and receivables	5	1,398,266	1,429,191
Financial assets at fair value through profit or loss			
- Held for trading	6	7,500,000	10,031,725
Held to Maturity investments			
- Managed investment funds	6	11,776,708	8,635,607
Available-for-sale financial assets:			
- At fair value			
- Shares in listed corporations	6	6,601,473	6,268,000
		30,270,952	29,394,979
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	10a	2,524,536	1,655,037
- Borrowings	11	5,112,068	5,361,435
		7,636,604	7,016,472

Financial Risk Management Policies

The association's financial instruments consist mainly of deposits with banks, local money market instruments, equity investments, accounts receivable and payable, bills and leases.

The main purpose of non-derivative financial instruments is to raise finance for the association's operations.

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

The association's overall risk management strategy seeks to assist the association in meeting its financial targets, whilst minimising potential adverse effects on financial performance. The Board and the Finance & Investment Committee meet on a regular basis to review its strategy for investments and related risks.

Special Financial Risk Exposures and Management

The main risks the association is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and equity price risk.

BERRY STREET VICTORIA INC.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 15: FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the association.

The association does not have any material credit risk exposure as the major source of revenue is the receipt of grants. Credit risk is further mitigated as over 85% of the grants being received by state and federal governments are in accordance with funding agreements which ensure regular funding for a period of 3 years.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Trade and other receivables that are either neither past due or impaired are considered to be of high quality. Aggregates of such amounts are detailed in Note 5.

The association has no significant concentration of credit risk exposure to any single counterparty or group of counterparties. Details with respect to credit risk of Trade and Other Receivables are provided in Note 5.

Credit risk related to balances with banks and other financial institutions is managed by the finance committee in accordance with approved Board policy. Such policy requires surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard & Poor's counterparty credit ratings.

	2011	2010
	\$	\$
Cash and cash equivalents		
AA rated	10,494,505	13,062,181
	10,494,505	13,062,181

(b) Liquidity Risk

Liquidity risk arises from the possibility that the association might encounter difficulty in settling debts or otherwise meeting its obligations in relation to financial liabilities.

The association manages liquidity risk by monitoring forecast cash flows and ensuring adequate cash reserves are maintained to meet current commitments. Certainty of cash flow is assured as approximately 85% of all revenue is provided through State and Federal Government contracts, which are paid either monthly or quarterly and usually run for three year periods.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 15: FINANCIAL RISK MANAGEMENT (Continued)

Liquidity Risk (Continued)

The table below reflects the undiscounted contractual maturity analysis for financial liabilities. Cash flows realised from financial assets reflects management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Financial liability and financial assets maturity analysis.

Note	Within 1 year		1-5 years		Over 5 years		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Trade and other payables (excluding estimated annual leave and deferred income)	2,524,536	1,655,037	-	-	-	-	2,524,536	1,655,037
Finance lease liabilities	3,473,298	3,193,588	1,638,770	2,167,847	-	-	5,112,068	5,361,435
Total expected outflows	5,997,834	4,848,625	1,638,770	2,167,847	-	-	7,636,604	7,016,472
Financial assets- cash flows realisable								
Cash and cash equivalents	2,994,505	3,030,456	-	-	-	-	2,994,505	3,030,456
Trade, term and loans receivables	1,398,266	1,429,191	-	-	-	-	1,398,267	1,429,191
Other investments	7,500,000	10,031,725	-	-	-	-	7,500,000	10,031,725
Total anticipated inflows	11,892,771	14,491,372	-	-	-	-	11,892,771	14,491,372
Net inflow/(outflow) on financial instruments	5,894,937	9,642,747	(1,638,770)	(2,167,847)	-	-	4,256,167	7,474,900

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

NOTE 15: FINANCIAL RISK MANAGEMENT (Continued)

c) Market Risk

(i) Interest Rate Risk

The association'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 classes of financial assets and financial liabilities is as follows:

	Weighted Average		Floating Interest		Fixed Interest Rate		Non Interest Bearing		Total	
	Effective Interest Rate									
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Financial assets	%	%	\$	\$	\$	\$	\$	\$	\$	\$
Cash	4.75	4.5	2,960,805	2,996,956	-	-	-	-	2,960,805	2,996,956
Petty cash			-	-	-	-	33,700	33,500	33,700	33,500
Trade, other receivables and other current assets			-	-	-	-	1,985,147	2,134,937	1,985,147	2,134,937
Securities			-	-	-	-	6,601,473	6,268,000	6,601,473	6,268,000
Long Term Investments			-	-	-	-	11,776,708	8,635,607	11,776,708	8,635,607
Other financial assets	6.0	5.15	-	-	7,500,000	10,031,725	-	-	7,500,000	10,031,725
Total financial assets			2,960,805	2,996,956	7,500,000	10,031,725	20,397,028	17,072,044	30,857,833	30,100,725
Financial liabilities										
Trade and sundry payables			-	-	-	-	2,524,536	1,655,037	2,524,536	1,655,037
Lease liability	7.95	7.95	-	-	5,112,068	5,361,435	-	-	5,112,068	5,361,435
Total financial liabilities			-	-	5,112,068	5,361,435	2,524,536	1,655,037	7,636,604	7,016,472

All investments (except long term where noted) have been classified as maturing within twelve months. For the maturity periods in regard to lease liability refer to Note 12.

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

NOTE 15: FINANCIAL RISK MANAGEMENT (Continued)

c) Market Risk (Continued)

(ii) Price Risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices of securities held.

The association is exposed to securities price risk on investments held for trading or for medium to longer terms. Such risk is managed through diversification of investments across industries.

The association investments are held in various sectors at reporting date:

Banking & finance;
Materials; and
Consumer – Staples.

The association's exposure to price risk is as follows:

	2011	2010
	\$	\$
Financial Assets		
Held-for-trading financial assets	6,601,473	6,268,000
Available-for-sale financial assets	11,776,708	8,635,607
Net Exposure	<u>18,378,181</u>	<u>14,903,607</u>

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

NOTE 15: FINANCIAL RISK MANAGEMENT (Continued)

Sensitivity Analysis

The following table illustrates sensitivities to the association's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that the management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit	Equity
	\$	\$
Year ended 30 June 2011		
+/- 2% in interest rates	+/-107,000	+/-107,000
+/- 12% in listed investments	+/-792,000	+/-792,000
Year ended 30 June 2010		
+/- 2% in interest rates	+/-153,000	+/-153,000
+/- 12% in listed investments	+/-752,000	+/-752,000

Net Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the association. Most of these instruments which are carried at amortised cost (ie trade receivables, loan liabilities) are to be held until maturity and therefore the net fair values figures calculated bear little relevance to the association.

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

NOTE 15: FINANCIAL RISK MANAGEMENT (Continued)

	Footnote	2011		2010	
		Carrying Amount \$	Net Fair Value \$	Carrying Amount \$	Net Fair Value \$
Financial assets					
Cash and cash equivalents	(i)	2,994,505	2,994,505	3,030,456	3,030,456
Trade and other receivables	(i)	1,398,266	1,398,264	1,429,191	1,429,191
Available-for-sale financial assets at fair value					
- Listed investments	(ii)	11,776,708	11,776,708	8,635,607	8,635,607
Held -for- trading financial assets at fair value					
- Listed investments	(ii)	6,601,473	6,601,473	6,268,000	6,268,000
Held- to -maturity financial assets					
- Term deposits		7,500,000	7,500,000	10,031,725	10,031,725
Total financial assets		30,270,952	30,270,952	29,394,979	29,394,979
Financial liabilities					
Trade and other payables	(i)	2,524,536	2,524,536	1,655,037	1,655,037
Lease liabilities	(iii)	5,112,068	5,112,068	5,361,435	5,361,435
Total financial liabilities		7,636,604	7,636,604	7,016,472	7,016,472

The fair values disclosed in the above table have been determined based on the following methodologies.

- (i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is not considered a financial instrument.
- (ii) For listed available-for-sale and held-for-trading financial assets, closing quoted bid prices at the end of the reporting period used. In determining the fair values of the unlisted available-for-sale financial assets, the directors have used inputs that are observable either directly (as prices) or indirectly (derived from prices).
- (iii) Fair values are determined using a discounted cash flow model incorporating current commercial borrowing rates. The fair values of fixed rate bank debit will differ to the carrying values.

BERRY STREET VICTORIA INC.
 ABN 24 719 196 762
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FOR THE YEAR ENDED 30 JUNE 2011

NOTE 15: FINANCIAL RISK MANAGEMENT (Continued)

Financial Instruments Measured at Fair Value

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); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

2011	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets				
Available-for-sale financial assets	11,776,708	-	-	11,776,708
Held -for- trading financial assets	6,601,473	-	-	6,601,473
Held- to -maturity financial assets	-	7,500,000	-	7,500,000
	18,378,181	7,500,000	-	25,878,181

2010	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets				
Available-for-sale financial assets	8,635,607	-	-	8,635,607
Held -for- trading financial assets	6,268,000	-	-	6,268,000
Held- to -maturity financial assets	-	10,031,725	-	10,031,725
	14,903,607	10,031,725	-	24,935,332

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets have been based on the closing quoted bid prices at the end of the reporting period, excluding transaction costs.

In valuing unlisted investments, included in Level 2 of the hierarchy, valuation techniques such as those using comparisons to similar investments for which market observable prices are available have been adopted to determine the fair values of these investments.

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	2011	2010
	\$	\$
NOTE 16: CASH FLOW INFORMATION		
(a) Reconciliation of cash		
Cash at bank	2,960,805	2,996,956
Other cash	33,700	33,500
	2,994,505	3,030,456
Investment in term deposits (90 days or less)	7,500,000	10,031,725
	10,494,505	13,062,181
(b) Reconciliation of cash flow from operations with profit after income tax		
Profit after income tax	1,212,432	4,196,270
Non-cash flows		
Depreciation and amortisation	3,396,776	3,036,556
(Gain)/loss on sale of assets	(402,905)	(279,264)
Non-cash property donated	(1,650,000)	-
Unrealised gain on investments	(231,190)	(73,374)
(Gain)/loss on sale of investments	-	(10,221)
Realisation Long Term Investments	-	193,994
Cash flows excluded from profit attributable to financing activities:		
Finance costs	457,200	460,236
Changes in assets and liabilities		
Decrease/(increase) in receivables and other assets	149,790	569,170
Increase/(decrease) in trade and other payables	692,853	815,196
Increase in provisions	363,808	448,178
	3,988,764	9,356,741

(c) Non-cash financing and investment activities

Non-cash financing activities included finance lease payments totalling \$4,243,715 during the year ended 30 June 2011 (\$4,371,025 for the year ended 30 June 2010).

(d) Credit stand-by arrangement and loan facilities

There were no credit stand-by arrangements or loan facilities at 30 June 2011.

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FOR THE YEAR ENDED 30 JUNE 2011

NOTE 17: KEY MANAGEMENT PERSONNEL COMPENSATION

	Short-term benefits		Long-term benefits	
	Salary and fees \$	Superannuation contribution \$	Long service leave \$	Total \$
2011				
Total compensation	530,515	52,197	161,657	744,369
2010				
Total compensation	518,157	51,031	176,072	745,260

NOTE 18: CONTINGENT LIABILITY

Included in Land and Buildings are three residential properties which were purchased in prior years with grants from the Department of Human Services, totalling 50% of the original purchase prices. A liability exists to pay the Department 50% of the net proceeds of sale when realised. Based on the current valuations of those properties, it is estimated that a contingent liability exists for \$1,085,000, in the event of sale.

NOTE 19: RELATED PARTY TRANSACTIONS

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

- (a) Board member Dr Neil Coventry is a Director of Austin CAMHS. Austin CAMHS has provided consultancy services to the value of \$37,400.
- (b) Berry Street Victoria is in partnership with the Austin CAMHS, Mindful and LaTrobe University to deliver the statewide Take Two Program.
- (c) Board member Kate Jenkins is a partner of Freehills which from time to time provides pro-bono work to Berry Street Victoria.

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NOTE 20: RELATED PARTY TRANSACTIONS (Continued)

Information on Directors:

Paul Wappett	B.Comm, LL.B, MBA, President - Board Member since 2007 Executive General Manager, Strategy, CPA Australia Ltd - Chair of our Governance Committee
Laurinda Gardner	BA(Hons), Vice President - Board Member since 2000 Deputy Secretary, Corporate Strategy & Services, Department of Treasury and Finance – Member of our Governance, Public Policy & Advocacy and Quality & Risk Management Committees
Kate Jenkins	BA(Hons), LL.B (Hons), Vice President - Board Member since 2001 Partner, Employee Relations, Freehills – Chair of our Independent Income Task Group and member of our Governance Committee
Dr. Neil Coventry (Resigned December 2010)	MB, BS, FRANZCP, Cert Child Psych. - Board Member since 2003 Director, Austin Child and Adolescent Mental Health Service - member of the Quality & Risk Management Committee
Lyn Allison	Bed, MAICD, - Board Member since 2009 Former teacher and Leader of the Australian Democrats Chair of the Public Policy and Advocacy Committee
Mary Clark	BA(Journalism), - Board Member since 1997 Public Relations & Media Consultant – Chair of our Strategic Marketing Committee, member of our Public Policy & Advocacy Committee and Independent Income Task Group
Mithran Doraisamy	BSc, MBA, ACA, - Board Member since 2004 Partner, Business Advisory Services, Ernst & Young - member of our Finance & Investment and Independent Income Task Group
Michelle Evans	BA.Comm, MA Creative Arts, PBAS Accredited, - Board Member since 2008 Research Fellow, Centre for Leadership and Social Impact, Melbourne Business School – Member of our Independent Income Task Group
David Green	BA Dip. Soc. Stud, MA(Hons), PSM, - Board Member since 2002 Lecturer and former Associate Professor, School of Social Work, La Trobe University - Chair our Quality and Risk Management Committee
Steve Harris (Resigned April 2011)	Board Member since 2008 Executive Director, Centre for Leadership and Public Interest, Institute for Social Research, Swinburne University of Technology – member of our Strategic Marketing Committee.
Peter Koren	B.Bus, AANA, - Board Member since 2002 Business Consultant - member of our Strategic Marketing Committee
Brian Watson	B.Comm, - Board Member since 2008 Executive Chairman, Georgica Associates Pty Ltd – Chair of our Finance & Investment Committee and member of our Governance Committee and Independent Income Task Group
Marie Connolly (Commenced May 2011)	PhD. MA, DipSW, BA, - Board Member since 2011 Chair and Head of Social Work, School of Health Sciences, The University of Melbourne – member of our Public Policy and Advocacy Committee

Other than disclosed no other benefit has been received by any member of the Board from Berry Street Victoria Inc. as at 30 June 2011.

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

NOTE 21: CAPITAL MANAGEMENT

Management controls the capital of the entity in order to ensure that adequate cash flows are generated to fund its programs and that returns from investments are maximized. The finance committee ensures that the overall risk management strategy is in line with this objective.

The finance committee operates under policies approved by the Board of Directors. Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

The entity's capital consists of financial liabilities, supported by financial assets.

Management effectively manages the entity's capital by assessing the entity's financial risk and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

There have been no changes to the strategy adopted by management to control the capital of the entity since the previous year. The strategy of the entity is to maintain a gearing ratio below 10%.

The gearing ratios for the years 30 June 2011 and 30 June 2010 are as follows:

	Note	2011 \$	2010 \$
Total borrowings	11	5,112,068	5,361,435
Less cash and cash equivalents	4	<u>(2,994,504)</u>	<u>(3,030,456)</u>
Net Debt		2,117,564	2,330,979
Total equity (reserves + retained earnings)		<u>35,081,211</u>	<u>33,666,864</u>
Total Capital		37,198,775	35,997,843
Gearing Ratio		5.7%	6.5%

NOTE 22: SUBSEQUENT EVENTS

Since the end of the reporting date the association is not aware of any events that may have a bearing on the presentation and disclosure of the financial statements as at 30 June 2011.

The financial report was authorised for issue by the Board of Directors on 4 October 2011.

NOTE 24: ASSOCIATION DETAILS

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

Berry Street Victoria Inc.
1 Salisbury Street
RICHMOND
VIC 3121

NOTE 25: SEGMENT REPORTING

The entity operates predominantly in one business and geographical segment, being in the provision of services in the child welfare sector in Victoria.

BERRY STREET VICTORIA INC.
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NOTES TO THE FINANCIAL STATEMENTS
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BERRY STREET VICTORIA INC
ABN 24 719 196 762

DIRECTORS' DECLARATION

In the opinion of the Board of Directors the financial report as set out on pages 2 to 35:

1. Presents a true and fair view of the financial position of Berry Street Victoria Inc. as at 30 June 2011 and its performance for the year 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 Berry Street Victoria Inc. will be able to pay its debts as and when they fall due.

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



Paul Wappett
President



Brian Watson
Chair of the Investment and Finance Committee

Dated this 4th day of October 2011.

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF BERRY STREET VICTORIA INC**

Report on the Financial Report

We have audited the accompanying financial report of Berry Street Victoria Inc (the Association), which comprises the statement of financial position as at 30 June 2011, the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Director's Responsibility for the Financial Report

The directors of the Association are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and (including the Australian Accounting Interpretations) and the *Associations Incorporation Act 1981*. This responsibility includes designing, implementing 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. 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 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 committee, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Opinion

In our opinion:

The financial report of Berry Street Victoria Inc is in accordance with the *Associations Incorporation Act 1981* including:

- (i) giving a true and fair view of the Association's financial position as at 30 June 2011 and of its performance and its cash flows for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Associations Incorporations Act 1981*.



MOORE STEPHENS
Chartered Accountants



Scott Phillips
Partner

Melbourne, 4 October 2011