

# **NSW STOMA LIMITED**

**ABN 51 610 218 338**

## **FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2020**

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## Directors' report

The Directors of NSW Stoma Limited present their report together with the financial statements for the financial year ended 30 June 2020.

### Directors

The directors of NSW Stoma Limited in office at any time during or since the end of the year are:

#### Carol Quast – Chair Person

On 1 July 2016, Carol Quast joined the NSW Stoma Limited's Board. Carol became Chair of the Board in 2019. An educator by profession, Carol has worked as Teacher both in Australia and England; and as a Tertiary Advisor to trainee teachers at University of Technology, Sydney and as a lecturer and tertiary adviser at Goldsmiths & Southbank University UK. Carol held the Board position of Chairperson at a large comprehensive high school in England for five years. Carol has been running creative writing workshops at the Sydney Story Factory.

#### Sallyanne Lerota – Secretary until 23 November, 2019

Sallyanne was elected to the board in 15 June 2019. Sallyanne has extensive experience in the Finance Industry and roles in the last 10 years has concentrated on partnering with business stakeholders, implementing and maintaining governance frameworks for boards and executive groups. This has included presenting governance reporting to government organisation such as APRA (Australian Prudential Regulation Authority). Sallyanne's work has also included Commonwealth Bank, GE Capital, Standard & Poors, ANZ Bank, Shell Australia, KPMG and many more. Sallyanne has been an Ostomate since 2018.

#### Michael O'Connell

Michael O'Connell is one of the longest serving members of the previous Colostomy Association NSW Division with over 10 years' experience, he joined the NSW Stoma Limited's Board on 1 July 2016 and resigned on 11 October 2019. As board member, Michael had devoted a lot of time at support meetings held in country NSW, sharing his bowel cancer recovery experience with new members who have had major operations, helping them to get back on their feet.

#### Peter De Luca

On 1 July 2016, Peter De Luca joined the NSW Stoma Limited's Board and resigned on 1 August 2020. Peter's working career spans 48 years in both the Private and Public sector. Peter has worked in management at the NSW Department of Motor Transport, NSW Ministry of Transport and the Punchbowl Company. Peter has experience in Driver/Vehicle Licensing and Transport Management, serving as Manager of the Motor Registries' in the regional centres of Kiama, Young and Wollongong and as District Officer at Cameray and Chatswood. Peter has been the Transport Representative for various District Emergency Management Committees. Since 2004 he has been an Ostomate.

#### Eugene Tomczyk

In 2002 Eugene Tomczyk became an Ostomate. From 2014 Eugene has served on the previous Colostomy Association NSW Division Management Committee, joining the NSW Stoma Limited's Board on the 1 July 2016 and resigned on 1 December, 2018. Eugene re-joined the board 23 Nov 2019. Eugene has actively contributed to the office and warehouse improvements, has been a delegate at several National Conferences, and has represented the Colostomy Association at Regional Information meetings.



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Eugene is a member of the subcommittee responsible for planning the 2018 Annual National Conference to be hosted in Sydney by NSW Stoma Limited and Ostomy NSW. From 1980 Eugene has run small businesses and has been involved in various community organisations, serving on the Boards of RSLs and Community Clubs.

**Ian Murray**

On 1 July 2016, Ian Murray joined the NSW Stoma Limited's Board. Currently working as consultant with experience in Information Technology, Logistic and Knowledge Management, Ian has worked for Macquarie University, IBM, Canon and Brambles. Ian has held positions on the Board as Secretary acting Chairman and Director involved over the last two years in updating IT infrastructure phone systems and software upgrades to add to members benefit. Current projects include NSW Stoma Website replacement.

**Dr Allen Nash – Treasurer**

Allen Nash was appointed to the board in 21 March 2019. Allen also has extensive skills in financial management and governance having worked with boards and CEOs in advising on strategic issues and coaching CEOs. Allen Nash has held several board positions including on a \$6 billion superannuation fund and a successful venture capital firm (>\$200 million invested) with operations in Sydney and Silicon Valley in the USA. In the no-for-profit sector he has held board positions as: Treasurer of Rozelle Neighborhood Centre; President of Stars with Heart (cancer support organisation); Board member of Oxfam/Community Aid Abroad; Board Member of Newcastle Community Arts Centre; Treasurer of Darwin Sailing Club.

**Andrea Cross – Vice Chair Person until 23 November, 2019**

Andrea was elected to the Board in 15 June 2019. Andrea has operated her own companies in private healthcare. She was National Director of Policy on the Board of Business & Professional Women Australia and is the Immediate Past NSW Representative on the Board of BPW Australia. Andrea has vast experience on community boards and implemented a 12 month board training program on the Mid North Coast and is a member of Women on Boards and Better Boards. Andrea is a member of the Coffs Harbour Ostomy Support Group and a Consumer Advocate for IMPACCT (Improving Palliative, Aged and Chronic Care through Clinical research and Translation) at UTS, and sits on the Scientific Advisory Committee for Cancer Symptom Trials. Andrea has been an ostomate since 2016.

**Ken Batten – Secretary – appointed 23 November, 2019**

Ken was elected to the Board and elected as Secretary in 23 November, 2019. Ken has extensive experience in both Information and Technology, and Finance, having worked in these areas for more than 40 years in Australia and Asia until his retirement. He spent the last 20 years working for himself in the finance industry and latterly for large financial planning and accounting companies. His impetus to seek a position on the board was due to a desire to give back to the members as he has been supported for the past six years as an ostomate.

### **Principal activities**

NSW Stoma Limited is a not for profit Company Limited by Guarantee providing support to the members who have undergone surgery resulting in a Colostomy, Ileostomy, Urostomy / Ileal Conduit or other external pouch procedure by distribution of Ostomy appliances and associated medical supplies.

NSW Stoma Limited, Charitable organisation is endorsed by the Australian Taxation Office (ATO) to access the following tax concessions:

- Income tax exception
- GST concessions
- Deductible gift recipient

### **Short-term objectives**

The entity's short-term objectives are to:

- To promote the general welfare of persons (ostomates) who have surgically constructed openings in their bodies to permit disposal of bodily wastes ("a stoma") or any illness that may result in the formation of a stoma, and persons who, having undergone surgical intervention to assist in the disposal of bodily wastes, require medical and/or pharmaceutical products for the effective management of their condition;
- provide liaison with the Australian Government in relation to the Stoma Appliance Scheme, coordinate ostomy related support services, provide advocacy for persons living with a stoma in Australia
- To collaborate with the Federal or any State or Territory Government in the development, operation and improvement of any scheme as it affects ostomates, including the recommending of pharmaceutical preparations and stoma appliances for provision under any such scheme.
- To comply with the regulations, directions and requirements of relevant Government Authorities in relation to the administration of any Scheme which affects ostomates;

### **Long-term objectives**

The Company's long-term objectives are to:

- promote and assist with research concerning the management of existing stomas; of all conditions (whether medical, surgical, genetic or any other) which may lead to the formation of a stoma at a later stage; and of related prosthetic equipment;
- be sustainable and strive for continuous improvement so as to offer the best possible outcomes for the underprivileged people requiring our assistance

### **Strategy for achieving short and long-term objectives**

To achieve these objectives, the entity had adopted the following strategies:

- the entity strives to attract and retain quality staff and volunteers who are committed to working with people in need, and this is evidenced by low staff turnover. The entity believes that attracting and retaining quality staff and volunteers will assist with the success of the entity in both the short and long-term
- the entity's staff and volunteers strive to meet consistent standards of best practice and provide clear expectations of professional accountabilities and responsibilities to all stakeholders



### Operating results

The (Loss)/Profit from ordinary activities was (\$4,333) (2019: \$44,653).

### Significant changes in state of affairs

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

### Meetings of Directors

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

Attendances by each director were as follows:

Director's Meetings		
	Number eligible to attend	Number attended
Carol Quast	15	14
Peter De Luca	14	14
Michael O'Connell	5	4
Eugene Tomczyk	10	10
Ian Murray	15	14
Dr Allen Nash	15	15
Andrea Cross	15	15
Sallyanne Lerota	15	10
Ken Batton	10	9

### Directors Benefits

No Director has received or become entitled to receive, during or since the financial year, a benefit because of the contract made by the Company with a Director, a firm of which a Director is a member or an entity in which a Director has a substantial financial interest.

### Members Liability

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the entity. At 30 June 2020, the total amount that members of the company are liable to contribute if the company is wound-up is \$68,220.

### Events subsequent to the end of the reporting period

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

**Environmental issues**

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

**Auditor's Independence Declaration**

The lead auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on page 7 of the financial report.

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

  
A large, stylized handwritten signature in dark ink, consisting of several loops and a long horizontal stroke extending to the right.

**Dr Allen Nash**  
Director

Dated this                      day of    October, 2020



## AUDITOR'S DECLARATION OF INDEPENDENCE

To the directors of NSW Stoma Limited

In relation to our audit of NSW Stoma Limited for the year ended 30 June 2020, we declare that, to the best of our knowledge, there have been:

- (a) no contravention of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contravention of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of NSW Stoma Limited.

**Australian Audits & Corporate Services**

Brian Robert Taylor  
Registered Company Auditor

Sydney

8<sup>th</sup> October, 2020.

Liability limited by a scheme approved under Professional Standards Legislation.



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**STATEMENT OF COMPREHENSIVE INCOME**

**For the year ended 30 June 2020**

	Note	2020 \$	2019 \$
Revenue	2	15,560,544	14,255,696
Other revenue	2a	892,236	731,143
Total revenue		<u>16,452,780</u>	<u>14,986,839</u>
Cost of sales		(15,112,951)	(13,796,355)
Gross Profit		<u>1,339,829</u>	<u>1,190,484</u>
Marketing		(3,569)	(7,032)
Administration expenses	3	(690,736)	(567,726)
Employee benefit expenses		(645,119)	(566,653)
Finance costs	3	(4,738)	(4,420)
		<u>(1,344,162)</u>	<u>(1,145,831)</u>
(Loss)/ Profit before income tax		(4,333)	44,653
Income tax expense	4	-	-
<b>(Loss) / Profit for the year</b>		<u>(4,333)</u>	<u>44,653</u>
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive (loss)/profit for the year</b>		<u><u>(4,333)</u></u>	<u><u>44,653</u></u>

This statement should be read in conjunction with the notes to the financial statements

**NSW Stoma Limited**  
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**Statement of Financial Position**

**As at 30 June 2020**

	Note	2020 \$	2019 \$
<b>Current assets</b>			
Cash and cash equivalents	6	2,633,990	2,679,925
Trade and other receivables	7	1,387,188	1,085,870
Inventories	8	134,295	92,285
Total current assets		<u>4,155,473</u>	<u>3,858,080</u>
<b>Non-current assets</b>			
Property, plant and equipment	9	2,278,396	2,265,610
Total non-current assets		<u>2,278,396</u>	<u>2,265,610</u>
Total assets		<u>6,433,869</u>	<u>6,123,690</u>
<b>Current liabilities</b>			
Trade and other payables	10	1,720,644	1,607,039
Provisions	11	76,365	22,424
Total current liabilities		<u>1,797,009</u>	<u>1,629,463</u>
<b>Non - Current liabilities</b>			
Provisions	11	5,984	40,285
Total non- current liabilities		<u>5,984</u>	<u>40,285</u>
Total liabilities		<u>1,802,993</u>	<u>1,669,748</u>
<b>Net assets</b>		<u>4,630,876</u>	<u>4,453,942</u>
<b>Equity</b>			
Reserves		1,000,622	1,000,622
Retained profits		3,630,254	3,453,320
Total equity		<u>4,630,876</u>	<u>4,453,942</u>

This statement should be read in conjunction with the notes to the financial statements

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**Statement of changes in equity**  
**For the year ended 30 June 2020**

	Note	Revaluation Reserves \$	Retained earnings \$	Total \$
Balance at 1 July 2019, as previously reported		1,000,622	3,453,320	4,453,942
Impact of correction of errors	12	-	181,268	181,268
Restated balance at 1 July, 2019		1,000,622	3,634,588	4,635,210
(Loss)/Profit for the year		-	(4,334)	(4,334)
Balance at 30 June 2020		<u>1,000,622</u>	<u>3,630,254</u>	<u>4,630,876</u>

This statement should be read in conjunction with the notes to the financial statements



**NSW Stoma Limited**  
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**Statement of Cash Flows**  
**As at 30 June 2020**

	Note	2020 \$	2019 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		16,368,877	15,032,893
Payments to suppliers and employees		(16,359,365)	(14,666,351)
Interest received		38,683	17,855
Net cash (used in) / provided by operating activities	13	48,195	384,397
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(94,130)	(110,366)
Net cash provided by / (used in) investing activities		(94,130)	(110,366)
Net change in cash and cash equivalents held		(45,935)	274,031
Cash and cash equivalents at beginning of financial year		2,679,925	2,405,894
Cash and cash equivalents at end of financial year	6	2,633,990	2,679,925

This statement should be read in conjunction with the notes to the financial statements

# **NSW Stoma Limited**

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## **Notes to the financial statements**

### **1. Statement of significant accounting policies**

This financial report is a special purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001 and the Australian and Not for Profits Commission Act 2012. The Board has determined that the NSW Stoma Limited is not a reporting entity.

The financial statements of NSW Stoma Limited also complies with International Financial Reporting Standards (IFRS). The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected noncurrent assets, financial assets and financial liabilities.

NSW Stoma Limited is a Company limited by guarantee, incorporated and domiciled in Australia. NSW Stoma is a Not-for-profit entity for the purpose of preparing financial statements under Australian Accounting Standards.

#### **1.1 Basis of preparation**

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets and financial instruments for which the fair value basis of accounting has been applied.

#### **1.2 Significant accounting policies**

##### **Income Tax**

The Company is exempt from income tax as it is an income tax exempt charity under section 50-5 of the Income Tax assessment Act 1997.

##### **Cash and Cash Equivalents**

Cash on hand and in banks and short-term deposits are stated at nominal value. For the purposes of the statement of cash flows, cash consists of cash at bank and investments which can readily be converted into cash. The Company had no bank overdrafts at 30 June 2020 and 2019.

##### **Receivable**

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Short-term receivables with no stated interest rate are measured at the nominal amount due where the effect of discounting is immaterial. Collectability of receivables is reviewed on an ongoing basis and, where necessary, an impairment provision is recorded. Bad debts are written off as incurred.

##### **Inventories**

Inventories are measured at the lower of cost and current replacement cost. Inventories acquired at no cost or for nominal consideration are measured at the current replacement cost as at date of acquisition.



## NSW Stoma Limited

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### Notes to the financial statements

#### Impairment of Assets

At the end of each reporting period, the entity reviews the carrying amounts of its assets to determine whether there is any indication that those assets have been impaired. If such indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit and loss.

#### Financial Instruments

##### *a. Initial recognition and measurement*

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

##### *b. Impairment of financial assets*

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income. The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

##### *c. Derecognition*

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



## NSW Stoma Limited

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### Notes to the financial statements

#### Property, Plant and Equipment

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

##### Plant and equipment

Plant and equipment are measured at cost less depreciation and impairment losses. The depreciable amount of all fixed assets including building and capitalised leased assets, but excluding freehold land, is depreciated on a straight line/diminishing balance basis over their useful lives to the Company commencing from the time the asset is held ready for use. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

##### Depreciation

The depreciable amount of all fixed assets is depreciated on either a diminishing value/straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	Depreciation Rate
Building	2.5%
Plant and equipment	10%
Fixtures and fittings	10%
Computer software	33.33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income.

#### Payables

Payables represent liabilities for goods and services provided to the Company. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. Trade accounts payable are unsecured and are generally settled within their due date.

#### Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to reporting date. 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, plus related on-costs.

## **NSW Stoma Limited**

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### **Notes to the financial statements**

#### **Revenue**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. All revenue is stated net of the amount of Goods and Services Tax (GST).

#### **Member Fees Income**

Membership fees are accounted for on a cash basis. Members were eligible to obtain services according to the Australian Stoma Appliance Scheme, Constitution of the Australian Council of the Stoma Association and NSW Stoma Limited's constitution.

Realised gains and losses are recognised in profit or loss in the period in which they arise.

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

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

#### **Comparatives**

Comparatives figures have been taken from former Colostomy Association NSW incorporated. for consistency with current year disclosures.

#### **Change of Structure and Name**

Change over to NSW Stoma Limited, company limited by guarantee from the Colostomy Association of NSW incorporated from 1 July 2016. This change was necessitated as a request of a directive of NSW Department of Fair Trading.



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**Notes to the financial statements**

**2. Revenue**

	Note	2020 \$	2019 \$
<b>Ordinary activities</b>			
Non-primary production trading revenue		15,560,544	14,255,696
Other revenue	2a	892,236	731,143
Total revenue		<u>16,452,780</u>	<u>14,986,839</u>
<b>a. Other revenue from</b>			
- Interest from bank deposits		38,683	17,855
- Freight income		370,596	440,228
- Donation and fund raising		61,904	9,049
- Membership Fee income		378,083	261,550
- Advertisement income		5,100	2,461
- Cash flow boost payment		34,635	-
- Miscellaneous income		3,235	-
Total Other revenue		<u>892,236</u>	<u>731,143</u>

**3. Profit from Ordinary activities**

The profit for the year has been arrived at after charging the following items:

	2020 \$	2019 \$
<b>a. Expenses</b>		
Depreciation	81,344	74,510
Finance costs	<u>4,738</u>	<u>4,420</u>

**4. Income Tax Expense**

The Company is exempt from income tax as it is an income tax exempt charity under Section 50-5 of the Income Tax assessment Act. Tax effect accounting has not been adopted.

**5. Auditors' Remuneration**

	2020 \$	2019 \$
Remuneration of the auditor of the Company for:		
- auditing the financial statements	12,500	12,500
Total auditor's remuneration	<u>12,500</u>	<u>12,500</u>



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**Notes to the financial statements**

**6. Cash and Cash Equivalents**

	2020	2019
	\$	\$
Cash at bank	447,548	924,323
Term deposits	2,186,333	1,755,285
Cash on hand	109	317
Total cash and cash equivalents	<u>2,633,990</u>	<u>2,679,925</u>

**7. Trade and Other Receivables**

	2020	2019
	\$	\$
<b>Current</b>		
Trade receivables	1,381,578	1,085,870
Other receivable	5,610	-
Total current trade and other receivables	<u>1,387,188</u>	<u>1,085,870</u>

**8. Inventories**

	2020	2019
	\$	\$
Finished goods at cost	144,766	132,285
Less: Provision for impairment	(10,469)	(40,000)
	<u>134,295</u>	<u>92,285</u>

**9. Property, Plant and Equipment**

	Land	Buildings	Plant & equipment	Total
<b>Cost / Revaluation</b>				
Balance 1 July 2019	403,040	1,760,255	587,056	2,750,351
Additions	-	-	94,130	94,130
Balance 30 June 2020	403,040	1,760,255	681,186	2,844,481
<b>Depreciation &amp; Impairment</b>				
Balance 1 July 2019	-	127,253	357,488	484,741
Depreciation	-	44,006	37,338	81,344
Balance 30 June 2020	-	171,259	394,826	566,085
<b>Carrying amount 30 June 2020</b>	<b>403,040</b>	<b>1,588,996</b>	<b>286,360</b>	<b>2,278,396</b>
<b>Cost/ Revaluation</b>				
Balance 1 July 2018	403,040	1,682,916	554,029	2,639,985
Additions	-	77,339	33,027	110,366
Balance 30 June 2019	403,040	1,760,255	587,056	2,750,351
<b>Depreciation &amp; Impairment</b>				
Balance 1 July 2018	-	83,247	326,984	410,231
Depreciation	-	44,006	30,504	74,510
Balance 30 June 2019	-	127,253	357,488	484,741
<b>Carrying amount 30 June 2019</b>	<b>403,040</b>	<b>1,633,002</b>	<b>229,568</b>	<b>2,265,610</b>

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**Notes to the financial statements**

**9. Property, Plant and Equipment continued**

**Revaluation:** Company's land and buildings were revalued at 30 October 2017 by independent valuers. Valuations were made on the basis of open market value. The revaluation surplus was credited to an asset revaluation reserve in shareholders' equity value.

The valuation was prepared by Aaron Campbell, Valuation NSW. At 30 June 200 the directors are satisfied the property valuation represents fair value.

**10. Payable**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Trade payables and accruals	1,383,180	1,440,629
Membership paid in advance	148,680	137,959
Postage paid in Advance	167,257	-
Superannuation payable	4,717	3,067
GST payable	9,312	22,570
PAYG payable	7,498	2,814
	<u>1,720,644</u>	<u>1,607,039</u>

**11. Provision**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Provision for Annual Leave	40,046	22,424
Provision for Long Service Leave	36,319	-
	<u>76,365</u>	<u>22,424</u>
<b>Non - current</b>		
Provision for Long Service Leave	<u>5,984</u>	<u>40,285</u>

**12. Correction of errors**

During 2020, the management identified higher provision for expenses in prior years than that was required. As a consequence, expenses and the related liabilities had been overstated. The overstatement has been corrected by restating the affected financial statement line items for prior period, refer statement of changes in equity.

## NSW Stoma Limited

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### Notes to the financial statements

#### 13. Cash Flow Information

	2020	2019
	\$	\$
<b>Reconciliation of Cash Flow from Operations with Profit after Income Tax</b>		
(Loss) / Profit after income tax	(4,334)	44,653
Non-cash items in profit:		
-Depreciation	81,344	74,510
Movement in assets and liabilities:		
-(Increase) / decrease in trade debtors	(301,318)	70,625
-(Increase)/ decrease in finished goods	(42,010)	187,846
-(Increase)/ decrease in prepayment	-	10,000
-Increase/ (decrease) in creditors	116,895	(19,968)
-Increase/ (decrease) in payment received in advance	177,978	7,222
-Increase / (decrease) in provisions	19,640	9,510
Net cash (used in) / provided by operating activities	<u>48,195</u>	<u>384,397</u>

#### 14. Financial Instruments

##### Financial risk management objectives

NSW Stoma Limited's principal financial instruments comprise cash, Term deposits, receivable and payables. The company manages its exposure to key financial risks in accordance with its risk management policy. The objective of the policy is to facilitate the effective management of potential opportunities and adverse effects.

The main risks arising from the company's financial instruments are interest rate risk, credit risk and liquidity risk. The company adopts different methods to measure and manage the different types of risks to which it is exposed. These included monitoring levels of exposure to interest rate risk and assessment of market forecasts for interest rates. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk, and liquidity risk is monitored through the development of budgets.



**NSW Stoma Limited**  
**ABN 51 610 218 338**

**Notes to the financial statements**

Primary responsibility for identification and control of financial risks rests with the company.

**Financial instrument categories**

	2020	2019
	\$	\$
<b>Financial Assets</b>		
Cash and Cash equivalents	2,633,990	2,679,925
Receivable	1,387,188	1,085,870
<b>Financial Liabilities</b>		
Trade and other payable	1,720,644	1,607,039

**Cash and Cash equivalents**

Cash comprises cash on hand and at bank and in short-term investments.

**Credit risk**

Credit risk arises from the financial assets of the company, which comprise cash and cash equivalents, and receivables. The company's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these financial assets (net of any allowance for impairment). The company trades only with recognised, creditworthy third parties, and as such collateral is not requested. The company has not securitised its trade and other receivables and has not granted any financial guarantees.

**Liquidity risk**

The company exposure to liquidity risk is considered to be low. Liquidity risk is the risk that NSW Stoma Limited will be unable to meet its payment obligations when they fall due. The company continuously manages liquidity risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets when required. The objective is to maintain a balance between continuity of funding and flexibility through the use of available liquid resources.

During the current and prior years, there were no defaults or breaches on any amounts payable. No assets have been pledged as collateral.

**NSW Stoma Limited**  
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**Notes to the financial statements**

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with normal trade terms.

The table below summarises the expected maturity profile of the company's financial assets and liabilities, together with the interest rate exposure. All obligations are shown at undiscounted cash flow amounts. Expected maturity dates have been estimated based on past experience.

30 June 2020	Amount Due	Maturity Dates		
		< 1 year	1-5 years	> 5 years
Financial Assets				
Cash and Cash equivalents	2,633,990	2,633,990	-	-
Receivable	1,387,188	1,387,188	-	-
Financial Liabilities				
Trade and other payable	1,720,644	1,720,644	-	-

30 June 2019	Amount Due	Maturity Dates		
		< 1 year	1-5 years	> 5 years
Financial Assets				
Cash and Cash equivalents	2,679,925	2,679,925	-	-
Receivable	1,085,870	1,085,870	-	-
Financial Liabilities				
Trade and other payable	1,607,039	1,607,039	-	-

**a) Market Risk**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices. The company has limited exposure to foreign currency risks and market risk.

The effect on profit and equity due to a reasonably possible change in risk variable is

**NSW Stoma Limited**  
**ABN 51 610 218 338**

**Notes to the financial statements**

outlined in the information below, for interest rate risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the association operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance sheet date.

**b) Interest Rate Risk**

The company also has some exposure to interest rate risk arising from its investment in interest-bearing cash balances. In assessing sensitivity, a reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The company's exposure to interest rate risk is set out below.

2020	Carrying Amount	+/- 1% Profit
Cash and cash equivalents	2,633,990	26,339

2019	Carrying Amount	+/- 1% Profit
Cash and cash equivalents	2,679,925	26,799

**c) Fair value of financial instruments**

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

**15. Events after the Reporting Date**

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

**16. Company details**

The registered office of the Company and the principal place of business is:  
Unit 5, 7-29 Bridge Road,  
Stanmore NSW 2048



## **NSW Stoma Limited**

**ABN 51 610 218 338**

### **Notes to the financial statements**

#### **17. Segment Information**

NSW Stoma Limited (previously known as the Colostomy Association of NSW Inc.) is a not-for-profit company dedicated to the support of members who have undergone surgery resulting in a Colostomy, Ileostomy, Urostomy / Ileal Conduit or other external pouch procedure. Funds to continue our member services are derived from fees for distribution of PBS Ostomy appliances, sale of non-PBS products, interest earned on funds invested in bank deposits, donations, bequests and sale of raffle tickets. NSW Stoma Limited is reliant on the support of members, friends, volunteers and a small team of committed paid staff. It is endorsed as an income tax exempt charitable entity and as a deductible gift recipient. The company operates solely within New South Wales.

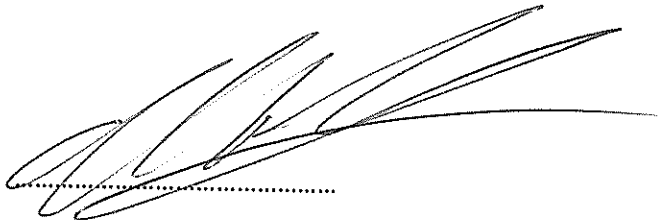
**DIRECTORS' DECLARATION**

The Directors of the Company declare that:

The Financial Report and Notes, as set out on pages 8 to 23 are in accordance with the *Corporations Act 2001*, including

- a. Giving a true and fair view of the financial position as at 30 June 2020 and of the performance and cash flows for the year ended on that date; and
- b. Complying with Accounting Standards (including Australian Interpretations) in Australia and the Corporations Regulation 2001 and other mandatory professional reporting requirements; and
- c. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

A handwritten signature in black ink, appearing to read 'Dr Allen Nash', with a horizontal dotted line underneath it.

**Dr Allen Nash**

Director

Dated this                      October, 2020

Sydney



## NSW STOMA LIMITED

(A Company Limited by Guarantee)

ABN 51 610 218 338

### Independent Auditor's Report to the Members

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#### Report on the Audit of the Financial Report

We have audited the financial report of NSW Stoma Limited, which comprises the statement of Financial Position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period 1 July 2019 to 30 June 2020 then ended, and notes to the financial statements, including a summary of significant accounting policies and the director's declaration.

In our opinion the financial report of NSW Stoma Limited, has been prepared in accordance with the *Corporation Act 2001* and Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

- a) giving a true and fair view of the company's financial position as at 30 June 2020 and of its financial performance for the period 1 July 2019 to 30 June 2020 then ended; and
- b) complying with Australian Accounting Standards, the Corporations Regulations 2001 and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the registered entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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



## **Emphasis of Matter - Basis of Accounting**

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the registered entity's financial reporting responsibilities under the ACNC Act. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

## **Director' Responsibility for the Financial Report**

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

In preparing the financial report, directors are responsible for assessing the NSW Stoma Limited's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the registered entity or to cease operations, or has no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by responsible entities.
- Conclude on the appropriateness of the responsible entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered entity's ability to continue as a going concern. If we conclude that a

material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the registered entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the responsible entity regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Australian Audits & Corporate Services**



.....  
Brian Taylor  
Registered Company Auditor

Sydney

Date: 8<sup>th</sup> October, 2020