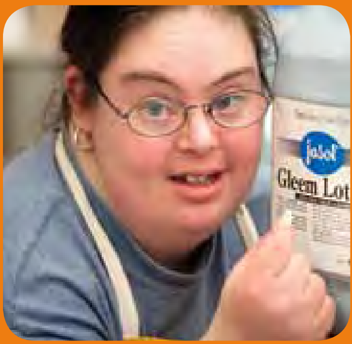
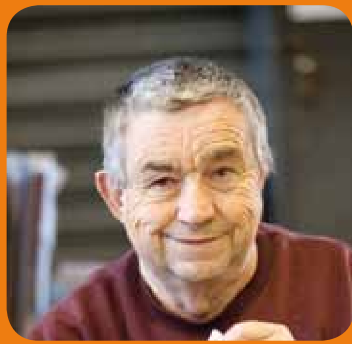





activ

a better life . . .

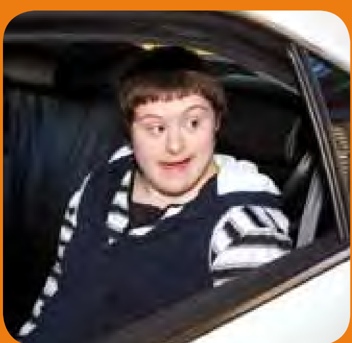
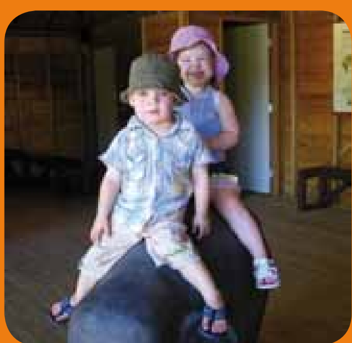
Financial Report 2010

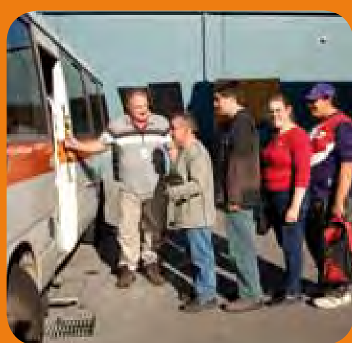
Enabling people with disabilities
and their families to pursue a better life







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ACTIV Foundation Incorporated

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 $	2009 $
Revenue	3(a)	54,695,890	51,593,584
Other income	3(b)	9,047,985	7,470,430
Employee benefits expense	4(b)	(48,059,539)	(43,719,142)
Depreciation and amortisation expense	4(b)	(1,910,356)	(1,933,914)
Operational lease expense		(1,852,692)	(1,868,842)
Finance costs	4(b)	(284,502)	(252,599)
Accomodation household expense		(1,184,181)	(1,132,042)
Motor fleet operating expense		(1,198,335)	(1,239,875)
Audit, consultancy and legal expense		(727,422)	(1,246,606)
Repairs and maintenance expense		(1,416,498)	(1,404,105)
Raw materials and consumables used		(3,102,153)	(2,813,107)
Changes in inventories		(113,275)	(54,052)
Utilities		(590,748)	(467,613)
Other expense	4(d)	(4,450,300)	(5,024,147)
Surplus / (deficit) for the year from continuing operations		(1,146,126)	(2,092,030)
Surplus for the year from discontinued transport contracts	4(c)	1,404,717	-
Total surplus / (deficit) for the year		258,591	(2,092,030)
Other comprehensive income:			
		-	-
Other comprehensive income for the year			
		-	-
Total comprehensive income for the year		258,591	(2,092,030)
Surplus for the year		258,591	(2,092,030)
Total comprehensive income attributable to members of the entity		258,591	(2,092,030)
Deficit attributable to primary activities	15	(4,258,513)	(3,156,944)
Surplus attributable to secondary activities	15	4,517,104	1,064,914
		258,591	(2,092,030)

The accompanying notes form part of these financial statements

ACTIV Foundation Incorporated
STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2010

	NOTE	2010 $	2009 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	20(a)	13,584,401	10,990,269
Trade and other receivables	10(a)	2,945,691	2,838,590
Inventories	6	1,528,394	1,392,205
Financial assets	8	13,315	12,054
Other assets	7(a)	404,071	324,992
Total Current Assets		**18,475,872**	**15,558,110**
NON-CURRENT ASSETS			
Property, plant and equipment	9	28,100,778	26,978,355
Intangible assets	23	63,725	101,950
Other non current assets	7(b)	12,993	9,893
Total Non-Current Assets		**28,177,496**	**27,090,198**
TOTAL ASSETS		**46,653,368**	**42,648,308**
LIABILITIES			
CURRENT LIABILITIES			
Payables	21	3,584,574	3,178,901
Interest-bearing liabilities	22(a)	133,168	214,331
Provisions	13(a)	5,998,241	4,601,516
Other liabilities	11	6,450,723	5,522,289
Total Current Liabilities		**16,166,706**	**13,517,037**
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	(22b)	1,678,966	570,236
Provisions	13(b)	1,153,227	1,165,156
Total Non-Current Liabilities		**2,832,193**	**1,735,392**
TOTAL LIABILITIES		**18,998,899**	**15,252,429**
NET ASSETS		**27,654,469**	**27,395,879**
EQUITY			
Reserves	2(a-k)	14,079,680	13,077,992
Retained earnings		13,574,789	14,317,887
TOTAL EQUITY		**27,654,469**	**27,395,879**

The accompanying notes form part of these financial statements

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

	Retained Earnings	Revaluation Reserve	Service Development and Expansion Reserve	General Reserves	State Capital Grant	Total
	$	$	$	$	$	$
Balance at 1 July 2008	15,177,302	-	7,340,592	2,793,009	4,177,004	29,487,907
Total comprehensive income for the year	(2,092,030)					(2,092,030)
Aggregate amount transferred (to) / from reserves	1,232,615	-	(1,877,598)	959,508	(314,523)	-
Total comprehensive income for the year	-	-	-	-	-	-
Balance at 30 June 2009	**14,317,887**	-	**5,462,994**	**3,752,517**	**3,862,481**	**27,395,878**
Total comprehensive income for the year	258,591	-		-	-	258,591
Aggregate amount transferred (to) / from reserves	(1,001,688)	-	432,625	870,937	(301,874)	
Total comprehensive income for the year	-	-	-	-	-	-
Balance at 30 June 2010	**13,574,789**	-	**5,895,619**	**4,623,454**	**3,560,607**	**27,654,469**

The accompanying notes form part of these financial statements

Activ Foundation Incorporated
STATEMENT OF CASHFLOWS FOR THE YEAR ENDED JUNE 30 2010

	NOTE	2010 $	2009 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from grants		41,344,956	38,753,087
Other receipts		20,382,584	18,353,164
Payments to suppliers, staff and employees		(57,053,125)	(52,595,839)
Dividends received	3(b)	743	421
Interest received	3(b)	682,179	701,036
Funds held on behalf of others received / (paid)		365,792	896,599
Finance cost	4(b)	(284,502)	(252,599)
Goods & services tax paid		(3,727,000)	(3,583,039)
Net cash provided by operating activities	20(b)	1,711,627	2,272,830
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		4,369,646	601,347
Payment for property, plant and equipment		(3,890,909)	(3,941,784)
Net cash provided by / (used in) investing activities		478,737	(3,340,437)
CASH FLOW FROM FINANCING ACTIVITIES			
Financing activities			
Drawdown of borrowings	14	1,422,439	-
Repayment of finance lease commitments		(1,018,671)	(170,285)
Net cash provided by / (used in) financing activities		403,768	(170,285)
Net increase / (decrease) in cash held		2,594,132	(1,237,892)
Cash and cash equivalents at the beginning of the financial year		10,990,269	12,228,161
Cash and cash equivalents at the end of the financial year	20(a)	**13,584,401**	**10,990,269**

The accompanying notes form part of these financial statements

Notes to the financial statements for Twelve Months Ending 30 June 2010

1. Summary of significant accounting policies

This financial report includes the consolidated financial statements and notes of Activ Foundation. Activ Foundation Inc (herein referred to as Activ is incorporated in Western Australia under the Associations Incorporation Act 1987 (as amended) and is a Not For Profit (Reporting) entity domiciled in Australia.

Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standard Board.

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

The financial statements has 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.

(a) Revenue

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

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

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

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

Donations and bequests are recognised as revenue when received.

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

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

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

(b) Inventories

Manufacturing and resale

Inventories are measured at the lower of cost and current replacement cost. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

Inventories acquired at no cost, or for nominal consideration are valued at the current replacement cost as at the date of acquisition.

Land held for resale

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development and holding costs until completion of development. Holding charges incurred after development are expensed.

(c) 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 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 director's 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.

As the revalued buildings are depreciated the difference between depreciation recognised in the statement of comprehensive income, which is based on the revalued carrying amount of the asset, and the depreciation based on the asset's original cost is transferred from the revaluation surplus to retained earnings.

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.

Capitalising/expensing of assets

Items of property, plant and equipment costing over $2,000 are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment costing less than $2,000 are immediately expensed direct to the Comprehensive Income Statement (other than where they form a part of a group of similar items which are significant in total).

Initial recognition and measurement

All items of property, plant and equipment are initially recognised at cost. For items of property, plant and equipment acquired at no cost or for nominal consideration, the cost is their fair value at the date of acquisition.

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 acquired.

Subsequent measurement

Activ uses the cost model for all other property, plant and equipment, which is carried at cost less accumulated depreciation and accumulated impairment losses.

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

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis or diminishing balance basis, over their useful lives, 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.

Major depreciation periods and methods are:

Buildings	40 years	straight line
Light Vehicles	8 years	straight line
Heavy Vehicles	10 years	straight line
Plant & Equipment	7.5 years	straight line
Furniture	7.5 years	straight line
Fixtures & Fittings	7.5 years	straight line
Computer Equipment & Software	4 years	straight line

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

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

(d) Leases

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

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or over the term of the lease.

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.

The cost of improvements to or on leasehold property is capitalised, disclosed as leasehold improvements and amortised over the estimated useful lives of the improvements.

(e) Financial Instruments

Initial recognition and measurement

Financial assets and liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument.
For financial assets this is equivalent to the date that the company commits itself to either purchase or sell the asset.
Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified at fair value through the Statement of Comprehensive Income in which case transaction costs are expensed to the Statement of Comprehensive Income immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at 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.Fair value is determined by quoted prices in an active market, 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 the Stetement of Comprehensive Income.

(i) *Financial assets at fair value through the Statement of Comprehensive Income*

Financial assets are classified at fair value through the Statement of Comprehensive Income 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 the Statement of Comprehensive Income.

(ii) *Loans and Receivables*

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at
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*

These 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.

They 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 company sold or reclassified more than an insignificant amount of these investments before maturity, the entire held to maturity investment would be tainted and reclassified as available for sale.

(iv) *Available for sale financial assets*

These 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.

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

(v) *Financial Liabilities*

Non derivative financial liablities (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 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 the Stetement of Comprehensive Income.

(f) Impairment of Non Financial Assets

At the end of each reporting period the entity reviews the carrying values of its tangible and intangible non financial 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 assets fair value less costs to sell and value in use , is compared to the assets carrying value. Any excess of the assets 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 it 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.

(g) Employee Benefits

Provision is made for Activ's liability for employee benefits arising from services rendered by employees to Balance Sheet date. Employee benefits expected to be settled within one year together with benefits arising from wages, salaries and annual leave which may be settled after one year, have been measured at the amounts expected to be paid when the liability is settled. 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 ten year bond rate.

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

(h) Cash and Cash Equivalents

These include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of six months or less and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(i) Goods and Services Tax (GST)

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the taxation authority.

(j) Income Tax

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

Activ is registered for the Goods and Services Tax [ABN 11 553 592 765], is endorsed as an Income Tax Exempt Charity and is endorsed as a Deductible Gift Recipient [DGR900176005].

(k) Intangibles

Software

Software is recorded at cost with 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 four years. It is assessed annually for impairment.

(l) Provisions

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

(m) Comparative Figures

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

(n) Trade and Other Payables

These represent the liability outstanding at the end of the reporting period for goods and services received by the company 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.

(o) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements 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 company.

Key Estimates

Impairment

At 30 June 2010 the directors reviewed the key assumptions made on valuations and associated assumptions as at 30 June 2009. The directors have concluded that these assumptions remain materially unchanged and are satisfied that carrying values do not exceed the recoverable amount of land and buildings at 30 June 2010.

No impairment has been recognised in respect of assets held at 30 June 2010.

Key Judgments

Available for sale investments

Trade and other receivables are non-interest bearing and are on 60 days terms for business services customers and 45 days terms for non-business services customers. A provision for impairment is recognised when there is objective evidence that an individual trade or other receivables is impaired. A carried over provision of $59,027 is recognised as an impairment on receivables as at the reporting date. Other balances within trade and other receivables do not contain impaired assets. It is expected that these other balances will be received when due.

(p) Economic Dependence

Activ Foundation Incorporated is dependent on the Disability Services Commission and the Department of Families, Housing, Community Services and Indigenous Affairs 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 Activ Foundation Incorporated.

(q) Adoption of New and Revised Accounting Standards

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

The adoption of these standards has impacted the recognition , measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Activ Foundation Incorporated.

AASB 101: Presentation of Financial Statements

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

Disclosure Impact

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

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

Statement of Comprehensive Income - The revised AASB101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

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

Other Comprehensive Income - The revised version of AASB 101 introduces the concept of other comprehensive income which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

(r) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended standards and interpretations that have mandatory application dates for future reporting periods. The entity has decided against early adoption of these standards. The following standards have been issued and may be applicable to Activ, a description of their effects on Activ are included below;

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

These standards are applicable retrospectively and amend the classification and measurement of financial assets. As the entity has minimal financial assets held at fair value the effect on the financial report is unlikely to be significant.

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;

- simplifying the requirements for embedded derivatives;

- removing the tainting rules associated with held to maturity assets;

- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;

- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on:

(a) the objective of the entity's business model for managing the financial assets and

(b) the characteristics of the contractual cash flows.

AASB 2009-4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. The entity is assessing the impact on the financial report however any impact is unlikely to be significant.

AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2]. This Standard makes amendments to Australian Accounting Standard AASB 2 Share-based Payment and supersedes Interpretation 8 Scope of AASB 2 and Interpretation 11 AASB 2 – Group and Treasury Share Transactions. As the entity does not undertake group cash-settled share-based transactions the new standard will not have an impact on the financial report.

AASB 2009-9: Amendments to Australian Accounting Standards - Additional Exemptions for first time Adopters [AASB 1] (applicable for annual reporting periods commencing on or after 1 January 2010).

AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues. As the entity does not have any rights, options or warrants to acquire their own equity instruments, these amendments will not have any impact on the entity's financial report.

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

This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text in IFRS's by the IASB. The Standard also amends AASB to require entities to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. Since the entity is not a government related entity; there is not expected to be any changes arising from this standard.

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

This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first time adopter to apply the transitional provisions in Interpretation 19. As the entity has not renegotiated any financial liabilities into equity instruments this interpretation is not expected to have any impact on the entity's financial report.

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

This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan. As the entity does not have a defined benefit pension plan this amendment to Interpretation 14 is not expected to have any impact on the entity's financial report.

AASB 2010-04 - Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13]. The standard is not likely to have a significant impact on the financial report other than disclosure requirements.

AASB 1053 Application of Tiers of Accounting Standards (applicable for annual reporting periods commencing on or after 1 July 2013). This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements:

(a) Tier 1: Australian Accounting Standards; and

(b) Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements.

The following entities apply Tier 1 requirements in preparing general purpose financial statements:

(a) for-profit entities in the private sector that have public accountability (as defined in this Standard); and

(b) the Australian Government and State, Territory and Local Governments.

The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements:

(a) for-profit private sector entities that do not have public accountability;

(b) all not-for-profit private sector entities; and

(c) public sector entities other than the Australian Government and State, Territory and Local Governments.

The impact from this standard has not yet been determined in relation to the entity.

The entity does not anticipate early adoption of any of the above Australian Accounting Standards.

The Financial Report was authorised for issue on 28 September 2010 by the Board of Directors.

2. Movement in reserves

		30-Jun-10	30-Jun-09
		$	$
(a)	**State capital grants**		
	Balance at start of period	3,862,481	4,177,004
	Transfers to / (from) reserve	(301,874)	(314,523)
	Balance at end of period	3,560,607	3,862,481

State capital grants
Some assets held by Activ have been partially purchased with Commonwealth funds that were subsequently transferred to the State. The State retains equity in these assets in proportion to their initial outlay contribution. This reserve has been set aside on the basis that eventual sale of these assets may entitle the State to be reimbursed their equity proportion. The assets reflected within this reserve are recorded at historical cost less accumulated depreciation attributable to them according to note 1(d). Upon sale of these assets the equity proportion may be returned to the State at market value.

		30-Jun-10	30-Jun-09
(b)	**Facility and improvements reserve**		
	Balance at start of period	620,104	615,941
	Transfers to / (from) reserve	10,265	4,163
	Balance at end of period	630,369	620,104

Facility and improvements reserve (previously named the Facility managers' reserve)
Represents funds raised by each facility that can be used at the Manager's discretion for the benefit of service recipients and funds identified that can be used at the discretion of the Chief Executive Officer for improvement initiatives.

		30-Jun-10	30-Jun-09
(c)	**Gift fund reserve**		
	Balance at start of period	450,264	354,411
	Transfers to / (from) reserve	728,049	95,853
	Balance at end of period	1,178,313	450,264

Gift fund reserve
Represents monies set aside in the Activ Gift Fund bank account including donations, charitable trust distributions, legacies and bequests, proceeds from the disposal of gifted assets and interest returns thereon. In the event of the Gift Fund being wound up or Direct Gift Recipient (DGR) endorsement revoked, Activ is required to transfer this surplus to another DGR.

		30-Jun-10	30-Jun-09
(d)	**HACC asset replacement reserve**		
	Balance at start of period	446,429	195,070
	Transfers to / (from) reserve	53,675	251,359
	Balance at end of period	500,104	446,429

HACC asset replacement reserve
Represents monies set aside for the replacement of Home and Community Care (HACC) assets.

		30-Jun-10	30-Jun-09
		$	$
(e)	**Maintenance reserve**		
	Balance at start of period	14,279	12,341
	Transfers to / (from) reserve	8,720	1,938
	Balance at end of period	22,999	14,279

Maintenance reserve
Represents monies set aside for maintenance expenditure.

		30-Jun-10	30-Jun-09
(f)	**Service development and expansion reserve**	$	$
	Balance at start of period	5,462,994	7,340,592
	Transfers to / (from) reserve	432,625	(1,877,598)
	Balance at end of period	5,895,619	5,462,994

Service development and expansion reserve
Represents monies set aside to purchase, build, develop or improve facilities, technology and equipment that contribute to the ability of Activ to deliver a range of services in fulfilment of its purpose. Proceeds of asset sales are transferred and held in this reserve. During 2009/2010 the reserve was used to fund the development of Minna St,Seagrave Street and in part for minor expenses relating to the construction of the Central Services Building in Wembley.

		30-Jun-10	30-Jun-09
(g)	**Fundraising reserve**		
	Balance at start of period	81,517	80,745
	Transfers to / (from) reserve	533	772
	Balance at end of period	82,050	81,517

Fundraising reserve
Represents funds from net fundraising proceeds which may be used for future capital expenditure.

		30-Jun-10	30-Jun-09
(h)	**Specific purpose reserve**		
	Balance at start of period	42,336	42,336
	Transfers to / (from) reserve	-	-
	Balance at end of period	42,336	42,336

Specific purpose reserve
Represents monies set aside for residential facilities in the Busselton region.

		30-Jun-10	30-Jun-09
(i)	**Support groups reserve**		
	Balance at start of period	1,016,041	921,469
	Transfers to / (from) reserve	75,362	94,572
	Balance at end of period	1,091,403	1,016,041

Support groups reserve
Represents the affiliated Support Groups monies and Special Assistance Grant funds following the closure of the Southern Suburbs and Central Branches.

		30-Jun-10 $	30-Jun-09 $
(j)	**Changed needs reserve**		
	Balance at start of period	973,222	437,094
	Transfers to / (from) reserve	(6,131)	536,128
	Balance at end of period	967,091	973,222

Changed needs reserve
Represents surplus generated from Disability Services Commission operating grant to be set aside for improvement to service delivery and to manage changes in the relative support needs of service recipients.

		30-Jun-10	30-Jun-09
(k)	**House account reserve**		
	Balance at start of period	108,325	133,602
	Transfers to / (from) reserve	466	(25,277)
	Balance at end of period	108,791	108,325

House account reserve
Represents monies transferred from individual group home bank accounts into Activ's main bank account for improved cash management of household expenditure. The funds may be used for household items for the benefit of the residents of the home from which the funds originated.

		30-Jun-10	30-Jun-09
(l)	**Summary of movements in reserves balances**		
	Balance at start of period	13,077,992	14,310,605
	Transfers to / (from) reserve	1,001,688	(1,232,613)
	Balance at end of period	**14,079,680**	**13,077,992**

3. Revenue and other income

	Note	30/06/10 $	30/06/09 $
(a) Revenue			
Revenue from government grants and other grants			
State grants		28,790,157	26,153,437
Federal grants		12,381,102	12,185,703
Other government grants		173,697	385,932
Other organisations		-	-
		41,344,956	38,725,072
Other revenue			
Supported employment goods and services		11,758,914	11,027,234
Transportation fees		1,592,020	1,841,278
		13,350,934	12,868,512
Total revenue		54,695,890	51,593,584
(b) Other income			
Support services fees		3,948,588	3,849,247
Proceeds from sale of assets	4c	1,439,646	601,347
Interest		682,179	701,036
Fundraising	4e	537,160	655,427
Donations and bequests		1,114,183	865,959
Rental income		345,832	317,229
Dividends		743	421
Other		979,654	479,764
Total other income		9,047,985	7,470,430
Total revenue and other income		**63,743,875**	**59,064,014**

4. Surplus for the year

	30/06/10 $	30/06/09 $
(a) Cost of sales		
Supported employment goods and services	7,456,125	6,607,396
(b) Expenses		
Depreciation and Amortisation		
Buildings	285,685	265,753
Motor vehicles	908,410	956,149
Plant & equipment	400,796	377,085
Computer equipment	55,902	61,123
Furniture	13,539	10,472
Fixtures & fittings	32,294	29,017
Total depreciation of non-current assets	1,696,626	1,699,599
Amortisation of non-current assets		
Leasehold improvements	94,166	97,530
Leased motor vehicles	81,339	81,100
Leased equipment	-	-
Registered design and trademarks	825	825
Software licences	37,400	54,860
Total amortisation of non-current assets	213,730	234,315
Total depreciation and amortisation expenses	1,910,356	1,933,914
Employee benefits expense		
Staff Salaries	28,314,875	26,896,341
Casual staff salaries & wages	4,670,232	3,870,104
Staffing on-costs	3,245,323	3,323,258
Staff employment agency costs	732,178	517,823
Provision for entitlements - annual leave	3,444,906	2,466,432
Provision for entitlements - long service leave	1,055,055	1,124,867
Workers compensation	1,091,286	562,110
Other staffing costs (includes training, recruitment & travel within WA)	1,264,987	1,217,970
	43,818,842	39,978,905
Employee salaries disclosed at cost of sales	-	3,740,237
Employee salaries disclosed at employee benefits expense	4,240,697	-
	4,240,697	3,740,237
Total employee benefits expense	48,059,539	43,719,142
Finance cost		
Interest on loans	115,620	57,650
Interest to residents for funds held on their behalf	125,642	140,358
Bank charges	43,240	54,591
Total finance costs	284,502	252,599
Operational lease expense		
Building/accommodation leases	1,803,641	1,649,859
Plant & machinery leases	49,051	48,039
Other	-	170,944
Total operating lease expense	1,852,692	1,868,842

4. Surplus for the year (cont'd)

(c) Significant revenue and expenses	**30/06/10**	**30/06/09**
	$	**$**
On April 20 2010, Activ sold a portion of it's Transport segment, thereby discontinuing its operations for those bus runs directly affected by PTA contracts.		
The following significant revenue and expense items are relevant in explaining the financial performance of the sale agreement.		
Net gain/(loss) on disposal of going concern (PTA bus contracts)		
Proceeds on disposal		
- Goodwill	1,165,000	-
- Assets (buses)	1,125,000	-
- Other	40,000	
	2,330,000	-
Disposals at net book value	925,283	-
Net gain/(loss) on disposal	1,404,717	-
Net gain/(loss) on disposal of non-current assets (excluding buses servicing PTA contracts)		
Proceeds on disposal	1,439,646	601,347
Disposals at net book value	(625,052)	(876,733)
Net gain/(loss) on disposals	814,594	(275,386)
The following significant revenue and expense items are relevant in explaining the financial performance.		
Accommodation household expense	1,184,181	1,132,042
Motor fleet operating expense	1,198,335	1,239,875
Audit, consultancy and legal expense	727,422	1,246,606
Repairs and maintenance expense	1,416,498	1,404,105
Raw materials and consumables used	3,102,153	2,813,107
Changes in inventories	113,275	54,052
Utilities	590,748	467,613
	8,332,612	8,357,400

	30-Jun-10	**30-Jun-09**
	$	**$**
(d) Other expenses		
Client expenses	267,646	198,289
Rates & taxes	550,102	373,105
General insurances	398,733	172,286
Communication expenses	643,240	667,106
External services	700,151	915,297
Office expenses	330,909	395,243
Sales and distribution expenses	190,833	171,783
Subscriptions and memberships	68,994	72,198
Written down value of assets sold	625,053	876,733
Minor asset expenses	406,421	476,908
Bad debts written off	6,093	25,143
Provision for impairment of receivables	-	17,858
Other expenses	262,125	662,198
Total other expenses from ordinary activities	4,450,300	5,024,147
Total operating expense for the entity	**64,890,000**	**61,156,044**

4. Surplus for the year (cont'd)

	30-Jun-10	30-Jun-09
(e) Fundraising income	$	$
City to Surf	425,646	338,578
Dragonfly week	-	234,199
Support groups	59,061	79,610
Other	52,454	3,040
Total fundraising income	537,161	655,427
Fundraising expenditure		
City to Surf	13,494	85,867
Dragonfly week	-	279,365
Support groups	48,236	53,122
Other	-	-
Total fundraising expenditure	61,730	418,354
Net fundraising	**475,431**	**237,073**

5. Economic dependency

A significant proportion of Activ's operating income is received from Federal and State Government Grants. Without these grants Activ would find it difficult to maintain the current level of operations. Moreover, a reduction in the real level of this funding in the future could threaten the viability of Activ's programs and services.

6. Inventories	**Note**	**30/06/10**	**30/06/09**
		$	**$**
Raw materials at cost		342,500	383,547
Work in progress at cost		47,029	31,840
Finished goods at net realisable value		449,761	668,375
Services in progress at cost		-	294
Finished services - unbilled		2,909	14,055
Land held for resale	6(a)	686,195	294,094
Total inventories at the lower of cost and net realisable value		**1,528,394**	**1,392,205**

(a) During 2007/08 Activ committed to the sale of Lot 425, 15 Hybanthus Avenue and Lot 428, 5 Calophylla Way in High Wycombe. The settlement is scheduled to occur in the 2010/11 financial year. As at June 30 2010 the property at Sabina Court, Augusta was also listed for sale.

7. Other assets

		30/06/10 $	30/06/09 $
(a) Current			
Prepayments		354,079	275,000
Other		49,992	49,992
	7(a)	404,071	324,992
(b) Non current			
Refundable bonds		12,993	9,893
	7(b)	12,993	9,893
Total other current assets		**404,071**	**324,992**

8. Financial assets

	Note	30/06/10 $	30/06/09 $
Current			
Financial assets at fair value through the Statement of Comprehensive Income	8(a)	**13,315**	**12,054**

(a) Held for trading Australian listed shares

	30/06/10	30/06/09
Listed investments, at fair value		
- Shares in listed corporations at market value	13,315	12,054
	13,315	12,054

The fair value of listed investments has been determined by reference to published price quotations in an active market. There are no individually material investments.

9. Property, plant and equipment

	Note	30/06/10 $	30/06/09 $
Property, plant and equipment at cost:			
Land			
Carrying amount at beginning		9,023,471	8,038,001
Additions	9(a)	-	745,470
Additions at fair value	9(b)	-	240,000
Disposals	9(c)	(149,000)	-
Transfers to Land held for resale		(2,228)	-
		8,872,243	9,023,471
Buildings			
Carrying amount at beginning		6,807,767	6,825,494
Additions		-	69,201
Additions at fair value	9(b)	-	160,000
Depreciation expense		(285,685)	(246,928)
Disposals	9(c)	(98,736)	-
Transfers from Work in Progress		1,896,793	-
		8,320,139	6,807,767
Motor vehicles			
Carrying amount at beginning		4,839,593	5,496,439
Additions		909,910	927,830
Depreciation expense		(908,388)	(956,149)
Disposals		(375,636)	(628,527)
Transfers			-
		4,465,479	4,839,593
Plant & equipment			
Carrying amount at beginning		1,789,765	2,189,434
Additions		386,586	219,930
Depreciation expense		(400,926)	(377,085)
Disposals		(1,683)	(242,514)
Transfers		-	-
		1,773,742	1,789,765
Computer equipment			
Carrying amount at beginning		118,015	122,293
Additions		23,210	56,845
Depreciation expense		(55,902)	(61,123)
Disposals		-	-
Transfers		-	-
		85,323	118,015
Furniture & equipment			
Carrying amount at beginning		68,667	57,072
Additions		9,095	27,760
Depreciation expense		(13,363)	(10,472)
Disposals		-	(5,693)
Transfers		(3,307)	-
		61,092	68,667
Fixtures & fittings			
Carrying amount at beginning		121,927	126,307
Additions		45,426	24,637
Depreciation expense		(32,294)	(29,017)
Disposals		-	-
Transfers		19,748	-
		154,807	121,927
Leasehold improvements			
Carrying amount at beginning		1,052,468	928,194
Additions		13,109	221,804
Depreciation expense		(94,167)	(97,530)
Disposals		-	-
Transfers		-	-
		971,410	1,052,468

9. Property, plant and equipment (cont'd)

	Note	30/06/10	30/06/09 $
Leased motor vehicles (buses)			
Carrying amount at beginning		795,324	590,285
Additions		262,017	286,139
Depreciation expense		(81,339)	(81,100)
Disposals	9(d)	(925,283)	-
Transfers		-	-
		50,719	795,324
Leased equipment			
Carrying amount at beginning		-	-
Additions		-	-
Depreciation expense		-	-
Disposals		-	-
Transfers		-	-
		-	-
Capital projects in progress			
Carrying amount at beginning		2,361,358	1,049,629
Additions	9(e)	2,955,381	1,820,894
Depreciation expense		-	-
Disposals	9(f)	(63,628)	(121,886)
Transfers to capital (property, plant & equipment)	9(g)	(1,907,287)	(387,279)
	9(h)	3,345,824	2,361,358
Total property, plant and equipment (net book value)		**28,100,778**	**26,978,355**

Property, plant and equipment at valuation:	30/06/10 $	30/06/09 $
Buildings (unrestricted) on leasehold land		
Carrying amount at beginning	-	18,825
Additions	-	
Depreciation expense	-	(18,825)
Depreciation adjustment	-	-
Disposals	-	-
Transfers	-	-
Revaluation	-	-
Total buildings (unrestricted) on leasehold land	**-**	**-**
Total property, plant and equipment (net book value)	**28,100,778**	**26,978,355**

(a) Land in Fantail Loop in Eaton was purchased in 2008/2009.

(b) Land & Building in Cantwell Court in Bunbury was gifted to Activ in 2008/2009.

(c) Disposal of land and buildings at historical cost for lot 2 Selby Street Floreat and lots 1 and 2 Jersey Street Wembley.

(d) In 2009/2010 Activ sold the Public Transport Authority bus charter service to an external source. A fleet of buses associated with the charter service which were under a finance agreement with Westpac bank were disposed upon execution of the sale agreement.

(e) In October 2009 Activ entered into a formal contractual commitment with Merit Constructions to construct the new Central Services Building located at 325 Cambridge Street in Wembley. The accepted contract tender value is specified at $6,520,408 GST inclusive. As at June 30 2010 construction payments to the value of $1,564,683 GST inclusive have been made against the tendered value. It is anticipated that the construction will be completed and all payments made to Merit Constructions by June 30 2011.

(f) In 2009/2010 the business intelligence project was deemed to be no longer a work in progress as any further progression was abandoned in the 2008/2009 year. The associated costs have been expensed in 2009/2010.

(g) Construction of new group homes at Seagrave St Gwelup were completed in 2009/2010. New welding and storage sheds were completed at Shenton Street Geraldton for the Business Services division.

(h) In 2009/2010 Capital Projects in Progress included property projects in Albany, Australind, Eaton, Esperance, Rockingham, Wembley and Willagee.

10. Trade and other receivables

10. Trade and other receivables	Note	30-Jun-10	30-Jun-09
		$	$
Trade receivables		2,562,264	2,374,405
Provision for impairment of losses	10 (a)	(59,027)	(72,974)
Sundry receivables		442,454	537,159
Total receivables		**2,945,691**	**2,838,590**

(a)

Current trade and other receivables' terms are 60 days for business services customers and 45 days for non-business services customers. Non-current receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that a receivable is impaired. These expenses have been included in the other expenses item.

Movement in the provision for impairment are as follows:

		30-Jun-10	30-Jun-09
Current trade & service receivables		$	$
Opening balance		(56,436)	(30,704)
Charge for the year	10 (b)	22,552	(24,282)
Amount written off		(25,143)	(1,450)
Closing balance		**(59,027)**	**(56,436)**

(b) The decrease in the provision for impairment in 2010 is directly attributed to one debtor under Administration in 2008, whose debt was written off in 2009.

11. Other current liabilities

		30-Jun-10	30-Jun-09
11. Other current liabilities		$	$
Funds held on behalf of residents	11(a)	3,987,836	3,724,054
Unpaid staff salaries and wages	11(b)	3,300	3,747
Staff Social & Christmas Club funds		33,733	24,786
Total funds held on behalf of others		4,024,869	3,752,587
Grants received in advance		1,607,256	1,426,281
Deposits received in advance		818,598	343,421
Total other current liabilities		**6,450,723**	**5,522,289**

(a) Represents monies held on behalf of Activ residents.
(b) Represents GST on Salary Package Living Expenses refundable to staff.

12. Commitments

Lease expenditure commitments

	30-Jun-10	30-Jun-09
(a) Operating leases (non cancellable).	$	$
Minimum lease payments		
not later than 1 year	1,824,390	1,960,694
later than 1 year and not later than 5 years	2,409,439	3,038,665
later than 5 years	35,150	234,219
Aggregate lease expenditure contracted for at balance date	**4,268,979**	**5,233,578**

Operating leases are entered into as a means of obtaining the use of minor items of plant and equipment and includes rental of properties. Rental payments are generally fixed. No leases have escalation clauses other than in the event of payment default. No renewal or purchase option exists in relation to operating leases and no operating leases contain restrictions on financing or other leasing activities.

		30-Jun-10	30-Jun-09
(b) Finance leases:			
not later than 1 year		157,352	268,425
later than 1 year and not later than 5 years		279,300	639,532
later than 5 years		-	-
total minimum lease payments		436,652	907,957
future finance charges		(46,958)	(123,390)
lease liability		**389,694**	**784,567**
Current liability	22(a)	133,168	214,331
Non-current liability	22(b)	256,526	570,236
		389,694	**784,567**

Finance leases are entered into as a means of financing the acquisition of significant plant and equipment, the fit-out of the Brolo Court Property and for the purpose of acquiring commercial vehicles. Payments are fixed. No leases have escalation clauses other than in the event of payment default.

In October 2009 Activ entered into a formal contractual commitment with Merit Constructions to construct the new Central Services Building located at 325 Cambridge Street in Wembley. The accepted contract tender value is specified at $6,520,408 GST inclusive. As at June 30 2010 construction payments to the value of $1,564,683 GST Inclusive have been made against the tendered value. It is anticipated that the construction will be completed and all payments made to Merit Constructions by August 2011.

13. Provisions	Note	Employee Benefits	Workers Compensation Premium	Total
		$	$	$
Opening balance at 1 July 2009		5,581,795	184,877	5,766,672
Movements during the year		1,302,166	82,630	1,384,796
Balance at 30 June 2010		6,883,961	267,507	7,151,468

Analysis of total provisions	30-Jun-10	30-Jun-09
	$	$
(a) Current	5,998,241	4,601,516
(b) Non Current	1,153,227	1,165,156
	7,151,468	**5,766,672**

A provision has been recognised for employee entitlements relating to long service leave and superannuation. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to this report.

14. Financing arrangements

Activ has access to the following financing facilities with Westpac Bank:

	Note	Accessible	Drawn Down	Unused
		$	$	$
2010				
Commercial bill facility	14 (a)	6,500,000	(1,422,439)	5,077,561
Forward exchange contract	14 (a)	150,000	-	150,000
Westpac MasterCard corporate card	14 (a)	150,000	(123,500)	26,500
Equipment finance - revolving limit	14 (b)	750,000	(389,695)	360,305
Total financing facilities		7,550,000	(1,935,634)	5,614,366

2009		Accessible	Drawn Down	Unused
		$	$	$
Commercial bill facility	14 (a)	250,000	-	250,000
Forward exchange contract	14 (a)	150,000	-	150,000
Westpac MasterCard corporate card	14 (a)	150,000	(123,000)	27,000
Equipment finance - revolving limit (buses)	14 (b)	750,000	(703,446)	46,554
Total financing facilities		1,300,000	(826,446)	473,554

(a) All of Activ's facilities, with the exception of equipment finance - revolving limit, are subject to annual review (but repayable on demand) and subject to cancellation at either party's election at each review date.

(b) Equipment finance facility is secured by a charge over the vehicle or equipment financed.

(c) Activ has an obligation under the terms of the commercial bill facility to ensure a minimum debt service cover ratio of 1 and a Loan to Valuation (LVR) against 325 Cambridge Street Wembley to not exceed 55% at all times.

(d) The commercial bill facility is secured with details disclosed at note 22

15. Segmental information

Activ primarily operates within the human services area and is concerned with the provision of services to people with disability and their families. Activ operates wholly within Western Australia.

Activ's surplus for the year ended 30 June 2010 is a function of two distinct activity categories:

	30-Jun-10 $	30-Jun-09 $
Primary operating activities	(4,258,513)	(3,156,944)

(a) Primary operating activities of Activ are the provision of services such as accommodation, employment, alternative to employment, respite, home care services, recreation, library services and transport to people with disability and their families. These services are substantially funded by government grants.

Secondary operating activities		
Interest derived	682,179	644,303
Land, building, motor vehicle and equipment disposals	814,594	(275,386)
Sale of PTA bus contracts	1,404,717	-
Net fundraising (inc support group activities)	475,430	237,073
Donations and bequests	1,114,183	416,852
Other	26,001	42,072
Total secondary operating activities	4,517,104	1,064,914
Total surplus (deficit) from primary and secondary activities	258,591	(2,092,030)
Segment assets		
Primary activities	37,949,015	34,294,718
Secondary activities	8,704,353	8,353,590
Total assets	46,653,368	42,648,308
Segment liabilities		
Primary activities	18,698,899	14,952,429
Secondary activities	300,000	300,000
Total liabilities	18,998,899	15,252,429

The above information has been included for additional disclosure purposes only.This information has been presented for the benefit of the readers of the financial statement rather than to comply with any specific accounting standards

16. Contingencies

Liabilities

a) Activ entered into a hybrid Workers' Compensation policy from 1 July 2009 (policy expires in June 2014) on the basis of improved injury management and preventative risk management practices within Activ and thereby benefiting from reduced upfront premium costs. Actuarial reviews may be required during the course of the policy to confirm the appropriate provisioning for final claims cost in 2014.

b) Currently Activ is a party to, or is potentially affected by Native Title Claims. The proceedings relating to this claim are not finalised, but the potential impact, if any, on the operations of Activ is not considered to be of material value.

17. Financial risk management

Financial risk management policies

Activ's financial instruments consist mainly of deposits with banks, shares, accounts receivable and payable and leases. No derivative instruments were held at 30 June 2010.

An Audit and Risk Committee, consisting of non-executive directors and senior executives, meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The Committee's overall risk management strategy seeks to assist Activ in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Directors and management continue to adopt a conservative approach to risk exposure to interest rates, foreign currency and investment strategies.

Specific financial risk exposures and management

a) Liquidity risk

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

b) Credit risk

Activ's operations are substantially diversified and are not concentrated so as to present a significant credit risk. The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial ass

c) Foreign currency risk

Activ is not exposed to any material fluctuations in foreign currency

d) Price risk
Activ is not exposed to any material commodity price risk.

e) Interest rate risk

Activ is exposed to interest rate risk through primary financial assets and liabilities. The following table illustrates sensitivities to Activ's exposures to changes in interest rates. The table indicates the impact on how the deficit and equity values reported at balance date would have been affected by changes to interest rates.

Sensitivity analysis

	30-Jun-10	30-Jun-09
Change in surplus/deficit *		
** decreased deficit / (increased deficit)*		
	$	$
i) Increase in interest rate by 2%	139,066	143,624
ii) Decrease in interest rate by 2%	(331,824)	(215,908)
*Change in Equity***		
** decreased deficit (increased deficit)*		
i) Increase in interest rate by 2%	139,066	143,624
ii) Decrease in interest rate by 2%	(331,824)	(215,908)

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

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

Trade & other payables are expected to be paid as follows:

	30-Jun-10	30-Jun-09
	$	$
Less than 6 months	3,584,574	3,178,901
6 months - 1 year	-	-
1 - 5 years	-	-
	3,584,574	**3,178,901**

17. Financial risk management (cont'd)

The fair values of 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 are based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below.

Where possible, valuation information used to calculate fair value is extracted from market, with more reliable information available from markets that that are actively traded. In this regard, fair values for listed securities are obtained from quoted market prices. All values disclosed have been sought from an active market and a discounted cash flow analysis has not been used.

Most of these instruments will be held until maturity. No financial assets as at June 30 2010 are listed as available for sale financial assets.

		30-Jun-10		30-Jun-09	
	Footnote	Net Carrying Value	Net Fair Value	Net Carrying Value	Net Fair Value
Financial Assets		$	$	$	$
Cash and cash equivalents	(i)	13,584,401	13,584,401	10,990,269	10,990,269
Trade and other receivables	(i)	2,945,691	2,945,691	2,838,590	2,838,590
Other financial assets	(ii)	13,315	13,315	12,054	12,054
Total financial assets		**16,543,407**	**16,543,407**	**13,840,913**	**13,840,913**
Financial Liabilities					
Lease liabilities		389,696	389,696	784,567	784,567
Trade and other payables	(i)	3,584,574	3,584,574	3,178,901	3,178,901
Commercial bill	(iii)	1,422,439	1,422,439	-	-
Total financial liabilities		**5,396,709**	**5,396,709**	**3,963,468**	**3,963,468**

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 excludes amounts relating to the provision of annual leave, which is not considered a financial instrument.

(ii) As at June 30 2010 no other financial assets were listed as available for sale. Other financial assets have been marked to market based on a quoted market bid price as at June 30 2010 and is subsequently recorded at net fair value.

(iii) Activ has entered in to a contractual arrangement with Westpac Banking Corporation to raise funds to construct the new premises at 325 Cambridge Street, Wembley. These funds have been raised by accessing a series of commercial bills, all of which, are to be interest only with no principal repayments until the completion of the construction works in August 2011. As a result the fair value of these commercial bills are deemed to be equal to the carrying amount of the statement of financial performance.

	Level 1	Level 2	Level 3	Total
2010	$	$	$	$
Financial assets at fair value through Statement of Comprehensive Income				
Other financial assets				
Listed shares	13,315	-	-	13,315
	13,315	-	-	13,315

	Level1	Level2	Level 3	Total
2009	$	$	$	$
Financial assets at fair value through Statement of Comprehensive Income				
Other financial assets				
Listed shares	12,054	-	-	12,054
	12,054	-	-	12,054

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

18. Financial risk management continued

Financial asset and financial liability maturity analysis

Cash Flows realised from financial assets reflect 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.

2010	Note	Within 1 year 2010	Within 1 year 2009	1 to 5 years 2010	1 to 5 years 2009	Over 5 years 2010	Over 5 years 2009	Total contractual cash 2010	Total contractual cash 2009
		$	$	$	$	$	$	$	$
Financial liabilities									
Lease liabilities	22	133,168	214,331	256,527	570,236	-	-	389,695	784,567
Trade and other payables	21	3,584,574	3,178,901	-	-	-	-	3,584,574	3,178,901
Commercial bill		-	-	-	-	1,422,439	-	1,422,439	-
		3,717,742	3,393,232	256,527	570,236	1,422,439	-	5,396,708	3,963,468
Financial assets									
Cash and cash equivalents	20(a)	13,584,401	10,990,269	-	-	-		13,584,401	10,990,269
Trade receivables	10	2,945,691	2,838,590	-	-			2,945,691	2,838,590
Other financial assets	8	13,315	12,054	-	-			13,315	12,054
		16,543,407	**13,840,913**	-	-	-	-	**16,543,407**	**13,840,913**
Net (outflow)/inflow on financial instruments		**12,825,664**	**10,447,681**	**- 256,527**	**- 570,236**	**- 1,422,439**	-	**11,146,699**	**9,877,445**

19. Capital management

Management controls the capital of the entity to ensure that adequate cash flows are generated to fund its programs and that returns from investments are maximised. The Board ensures that the overall Risk Management strategy is in line with this objective.

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 risks and responding to changes in these risks and in the market

There have been no changes to the strategy adopted by management to control the capital of the entity since the previous year.

20. Cash flow information

(a) Reconciliation of cash	30-Jun-10 $	30-Jun-09 $
Cash balance comprises:		
Cash at bank and on hand	3,940,850	2,447,032
Short term cash deposits	9,643,551	8,543,237
Closing cash balance	**13,584,401**	**10,990,269**

(b) Reconciliation of cashflow from operations	30-Jun-10 $	30-Jun-09 $
Operating surplus / (deficit)	258,591	(2,092,030)
Non-cash flows in surplus:		
Depreciation of non-current assets	1,696,626	1,699,599
Amortisation of non-current assets	213,730	234,315
Contribution of assets by external entity	(355,920)	(407,035)
Net (gain) / loss on disposal of property, plant and equipment	(814,594)	275,386
Net gain on disposal of sale of PTA contracts	(1,404,717)	-
Write-off capitalised expenditure	110,961	-
Write-off of stock	113,275	-
Other non-cash expenses	131,021	39,075
Changes in assets and liabilities		
(Increase) / decrease in trade receivables and prepayments	(187,859)	(309,619)
(Increase) / decrease in inventory	(136,189)	115,874
(Increase) / decrease in accrued income	105,936	113,977
(Increase) / decrease in shares	(1,261)	4,153
(Increase) / decrease in other assets	3,100	151,217
(Decrease) / increase in creditors and accruals	857,145	1,361,184
(Decrease) / increase in goods and services tax payable	(92,294)	(126,873)
(Decrease) / increase in employee benefits	852,069	457,660
(Decrease) / increase in funds held on behalf of others	272,262	557,904
(Decrease) / increase in grants & subsidies received in advance	103,800	26,375
(Decrease) / increase in other liabilities	(14,054)	171,668
Net cash from operating activities	**1,711,627**	**2,272,830**

21. Trade and other payables	Note	30-Jun-10	30-Jun-09
		$	$
Trade creditors - unsecured		350,560	252,282
Sundry creditors - unsecured		55,594	103,925
Accrued expenses		3,178,420	2,822,694
Total trade and other payables		**3,584,574**	**3,178,901**

22. Financial liabilities		30-Jun-10	30-Jun-09
		$	$
(a) Short-term borrowings			
Lease liability - secured		119,140	201,847
Fit-out loan - secured *		14,028	12,484
Total short-term borrowings	12(b)	133,168	214,331
(b) Long-term borrowings			
Lease Liability - secured		201,913	501,594
Fit-out loan - secured *		54,614	68,642
	12(b)	256,527	570,236
Commercial bills		1,422,439	-
		1,422,439	-
Total long-term borrowings		1,678,966	570,236
Total financial liabilities		**1,812,134**	**784,567**

* Loan secured by way of bank guarantee

The commercial bill facility offered by Westpac Banking Corporation is secured in two ways:

i) A mortgage over the Central Services property situated at 325 Cambridge Street, Wembley.

ii) An Unregistered Fixed and Floating Charge limited to the Central Services property situated at 325 Cambridge Street, Wembley.

23. Intangible assets	30-Jun-10	30-Jun-09
	$	$
Intangible assets		
Cost	1,906,184	1,906,185
Accumulated amortisation	(1,842,459)	(1,804,235)
Net book value	**63,725**	**101,950**

Reconciliation of registered design & trademarks	30-Jun-10	30-Jun-09
	$	$
Balance at the beginning of the year	5,322	6,147
Additions		-
Disposals	-	-
Amortisation charge	(825)	(825)
Impairment losses	-	-
Balance at the end of the year	4,497	5,322

Reconciliation of computer software	30-Jun-10	30-Jun-09
	$	$
Balance at the beginning of the year	96,628	92,948
Reclassification from property, plant & equipment	-	-
Additions	-	58,540
Disposals	-	-
Amortisation charge	(37,400)	(54,860)
Impairment losses	-	-
Balance at the end of the year	59,228	96,628
Net book value	63,725	101,950

24. Related party transactions

Directors

The directors of Activ during the financial year were:

Mr Martin Alciaturi
Mr Matthew Battrick
Ms Stephanie Black
Mrs Phillis Breheny
Mr Andrew Edwards
Mr Peter Knowles
Ms Tina Thomas
Mr Tony Vis
Mrs Leonie Walker

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

Directors, Mr Matthew Battrick, Mrs Leonie Walker and Mrs Phillis Breheny are parents/family members of a person with disability or have an interest in a particular person or group of persons with disability.

Director Andrew Edwards, retired from PriceWaterhouseCoopers on 30 June 2009. During the 2009 -2010 year PriceWaterhouseCoopers was contracted to provide services to Activ to the sum of $102,300.

Key management personnel compensation*

2010	Short -term Benefit	Post Employment	Total
	$	$	$
Total compensation	324,315	27,770	352,085
2009			
Total compensation	311,960	27,047	339,007

Principles of compensation
Activ seeks to recruit and retain high quality Board Members and Executives by fair and appropriate remuneration with reference to industry standards and benchmarks.

* Key Management Personnel includes the President

25. Auditors' remuneration	30-Jun-10	30-Jun-09
	$	$
Amounts received or due and receivable for the audit of the financial report		
Grant Thornton	40,500	40,500

26. Events after the balance date

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

Activ Foundation Inc.
ARBN 060 921 271
Members' liability limited
ABN 11 553 592 765

Activ Foundation Inc.

Annual Report – 2009/2010

Financial Statements

Statement By Chief Executive Officer And Non Executive Director

We, Tony Vis and Andrew Edwards, being the Chief Executive Officer and Non Executive Director, respectively of Activ Foundation Inc. state that to the best of our knowledge and belief the financial report;

a) Presents a true and fair view of the financial position of Activ Foundation Inc. as at 30 June 2010, its performance for 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.

b) At the date of this statement, there are reasonable grounds to believe that Activ Foundation Inc. will be able to pay its debts as and when they fall due.

Dated at Perth this 28th day of September 2010.

Tony Vis	Andrew Edwards
Chief Executive Officer	Non Executive Director

To be read in conjunction with the full financial statements which have been published and are available on request.

www.activ.asn.au

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ACTIV FOUNDATION INC.

We have audited the accompanying financial report of Activ Foundation Inc (the 'entity'), which comprises the statement of financial position as at 30 June 2010, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by the Executive Director and Non Executive Director.

Board's responsibility for the financial report

The board of the entity is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Associations Incorporation Act (WA) 1987 as amended. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards, which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of 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 circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board members, as well as evaluating the overall presentation of the financial report.

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.

Auditor's opinion

In our opinion,

a the financial report of Activ Foundation Inc. is in accordance with the Associations Incorporation Act (WA) 1987 as amended, including:

i giving a true and fair view of the entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Associations Incorporation Act (WA) 1987 as amended.

Grant Thornton (WA) Partnership

GRANT THORNTON (WA) PARTNERSHIP
Chartered Accountants

M J HILLGROVE
Partner

Perth, 28 September 2010

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Activ Foundation Inc.

ARBN 060 921 271

ABN 11 553 592 765

Members’ liability limited

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