



PHOENIX

**Annual Report**

2010-2011





## Our Foundation

### Phoenix exists ...

to employ, train and develop people with disabilities to attain an improved quality of life.

## Our Purpose

### Phoenix will be ...

an innovative and dynamic employer of people with disabilities, that operates successful commercial businesses and provides outstanding opportunities for the development of its greatest asset

... its people

## Our Values

### Phoenix will ...

- Respect the needs and aspirations of each other.
- Be caring, honest and truthful with each other, our customers and the public.
- Be tolerant and understanding, always acting with dignity and treating others equally.
- Maintain the privacy of all associated with Phoenix.
- Foster growth and prosperity of Phoenix through teamwork.
- Promote excellence in customer service.
- Resolve issues quickly, equitably and professionally.
- Be proud of, and help the public understand, what we do.
- Be respectful of the environment and be aware of our impact on the earth's natural resources.

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## **Dear Supporter**

Thank you for continuing to support Phoenix Society this year.

I am pleased to report that during 2010-11 we further increased the number of people with disabilities that we employ, train and develop, despite a challenging economic environment.

To improve our future income returns, this year we opened our sixth operating division at Mawson Lakes. This is Phoenix Connect, our modern contact centre that will allow us to develop new opportunities and generate additional income streams.

We completed our Strategic Plan leading to 2014 which encompasses strategic growth both in terms of income generation and employee growth.

Most importantly, this year has been about employee development in terms of increased employment places, increased employee training and recently developed information systems.

Again I thank you for your continued support and trust that you will enjoy reading our Annual Report this year.

Your support means our employees benefit.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Ian M Terry', with a stylized flourish at the end.

**Ian M Terry**  
Chief Executive Officer

# Chairman's Report



It is my pleasure to be able to present my report for 2010-11.

The Board has a clear focus on growing the Society and the people we assist. During the year Phoenix grew its employee numbers to 472 people with disabilities (up from 456 at the start of the year) and supported well in excess of 800 people with a disability.

During the year the Society developed its Strategic Plan for the period through to 2014. This involved participation at all levels of the organisation from employees through to the Board. It clearly identifies the following Board objectives to enhance the effectiveness of the Society in delivering its services:

- increasing job opportunities for people with a disability
- continuing to grow the Society's commercial operations
- ensuring the Board and management skill base is maintained and advanced
- further developing fundraising programs
- one of the key targets is to increase employee numbers by 116 (25%) by the end of 2015

The Board also has a strong focus on corporate governance. To ensure that the Society conforms with best-practice, this year's accounts fully incorporate the recognition and measurement provisions of Australian Accounting Standards. This has negatively affected the bottom line by \$167,455 as a once off adjustment. The Board believes however that this is a positive development in corporate governance, now and for the future.

In line with our change of accounting policy, we have revalued the land and buildings of the organisation and this has reflected in a further strengthening of our Balance Sheet by \$5.6 million to nearly \$17 million at the end of June 2011.

Financially 2010-11 was a difficult year, particularly compared with the previous year when the Society received bequests and donations of nearly \$1.3 million.

Underlying operating cash flow before bequests and donations improved in 2010-11 from \$844,309 to \$957,042.

However the Society incurred an operating deficit (before accounting changes) of \$167,969. This year has again been challenging, as manufacturing in general struggles against difficult economic times. General fundraising was affected by economic conditions and the impact of the number of natural disasters. Commercially our revenue for the year increased, but so did costs, and government funding failed to keep pace with inflation.

At 30th June 2011, Phoenix remains financially sound with a strong cash base.

**Cash Inflows (\$m)**



**Cash Outflows (\$m)**



It was disappointing that during the year our Board Member Mr Steve Whitham tendered his resignation from the Board after many years of valuable service. Unfortunately, extensive business pressures forced Steve to make this decision. However he continues to support the Society as part of our Board Advisory Group in line with his time availability. I thank Steve for his terrific support of Phoenix over many years.

As an expansion of our Corporate Governance Program the Board this year established two sub committees of the board, being the Public Relations and Marketing Committee and the Audit and Risk Committee. Both of these elected Committees will provide guidance and expertise to the Board and direction to management in line with their respective charters. Additionally the Board Advisory Group continues to work with management in providing advice and opportunity for the further development of the Society now and in the future.

This year saw the opening of the Contact Centre at Mawson Lakes. Due to a growing business in the field of telemarketing we were not able to expand the business to the level needed in the existing Torrensville facility and therefore a 48 seat Contact Centre with all modern facilities has been established. Already we have secured a number of major contracts in this area that we will reap the benefits from over the next twelve months and beyond. It is certainly an exciting area of growth that will complement our fundraising program in the future.

As a Board, we are extremely pleased that the Productivity Commission has supported the establishment of a National Disability Insurance Scheme that will provide ongoing support to people who acquire or are born with a disability in the future. Phoenix has been a financial contributor towards the lobbying for this scheme and is a strong supporter in its long term need. We look forward to the trials commencing in this scheme over the next few years and to it becoming operational by 2018.

Our School to Work Transition Program continues to be more and more successful. Many additional schools want to be involved in this program and we have committed to applying more of our resources to ensuring that this takes place. All of our operating facilities are now involved in the Schools program including Whyalla. As a consequence, many students with a disability have been able to find a job at Phoenix or elsewhere due to the support and training that has been provided to them whilst they have still been at school. But still Phoenix continues to self fund this program out of valuable resources as we struggle to get government departments to come together and recognise the need to provide some funding for this to continue in the longer term. It is important that we find an avenue of government to support this to ensure that students and their families can take advantage of the cost effective service delivery that we can provide that leads to positive outcomes for students with disabilities.

We again recognise the support that is provided to us through the Department of Families, Housing, Community Services and Indigenous Affairs. Without their support our organisation would struggle to exist, but it must also be recognised that the service that we provide to hundreds of people with a disability, as a consequence of that funding, represents very good value for money for the government. Therefore the impact of continual failure to recognise full indexation in funding agreements, can only lead to a reduction of services in the longer term and we call upon FaHCSIA to recognise this in the establishment of the new funding model currently being developed.

I extend my gratitude again to the Women's Auxiliary who during the year contributed \$15,000 to support our employees and make their job easier. This wonderful group of ladies works diligently to raise much needed funds for the Society. I again extend my gratitude to Telethon for their ongoing recognition of Phoenix Society as a member of the Telethon group of charities. Our involvement with Channel 9 Telethon continues to be a major part of our fundraising area and I extend my thanks to the Board and staff of Channel 9 Telethon for their ongoing commitment and support towards the ideals of Phoenix.

We continue to be supportive of our ongoing association with Daybreak in Malaysia and also to our increasing involvement in Workability International. It is important that we are able to share our skills and abilities as well as learning from others around the world that will ultimately lead to Phoenix and others becoming better as a result.



I extend my thanks to my fellow Board members and to Ian Terry and his management team for the effort that they have put in over the past twelve months. I certainly look forward to future successful results for the Society and to the ongoing development of people with a disability.

**Dr Graeme Bethune**  
Chairman

## Board Objectives

The objective of the Board is to enhance the effectiveness of the Society by delivering the services it provides.

### To protect and advance the future viability of the commercial operations of the Society, the Phoenix Board will ...

- Continue to invest in new and exciting businesses.
- Establish diverse businesses that provide challenging and worthwhile employment outcomes.
- Strengthen the asset base of the Society.

### To ensure that the Board and Management skill base is maintained and advanced, the Phoenix Board will ...

- Develop and formalise a Management succession plan.
- Continually measure the Board membership for balance of skills and commitment.
- Create a reserve of potential future board members.
- Invest in skills development as required for board and management.

## Corporate

### Operating Facilities

**We will ...** review and upgrade as appropriate the operational effectiveness of all of our facilities of the Society to ensure that our buildings provide usefulness and efficiency in the fostering of daily operations and longer term growth.

### Organisational structure

**We will ...** review the Organisational Structure of all operations of the Society that ensures that we create operational efficiencies, engage and develop professional management, identify succession planning, and minimise risk and exposure in the advent of key staff losses.

### Key Performance Indicators

**We will ...** develop a suite of suitable KPI's at various levels within the organisation, including Board, Management and Operations that will allow us to effectively measure our performance against expectations and make sound business decisions on the basis of the outcomes of the measurements.

### Corporate Governance

**We will ...** develop a formal plan of Corporate Governance for all levels of the organisation including Board, Management and Operations that outlines the roles and responsibilities of all officer positions and demonstrates our professionalism while minimising our risk of loss.

### Business Development and Expansion

**We will ...** continue to resource and develop new business opportunities that compliment our business objective of growth and income generation and further expand into other services and regions to create additional employment opportunities for people with a disability.

... review and upgrade as appropriate the operational effectiveness of all of our facilities

### Technology

**We will ...** continue to embrace the introduction of technology into all areas of our business that will lead to efficiency improvement for competitive advantage and employee development.

### Operating Systems

**We will ...** continually develop, upgrade and improve all of our systems and procedures and ensure that they are interfaced with each other as appropriate to maximise operating efficiencies.

... expand into other services and regions

### Financial

**We will ...** apply due diligence in managing the financial affairs of the Society that ensures that we continue to strengthen our financial position while balancing our purpose of providing employment for people with a disability.

To do this, it will follow objectives which include, but are not limited to, those listed below.

**To create greater self sufficiency for the Society the Phoenix Board will ...**

- Allocate specific resources to advance the fundraising programmes of the Society to include (but not be limited to) Bequests, Donations, Grants, and Corporate giving.
- Allocate specific resources to marketing and business development that leads to an increase in public awareness of Phoenix and its purpose.

**To increase job opportunities for People with a Disability the Phoenix Board will ...**

- Allocate additional financial resources to further develop the School to Work Transition Programme.
- Expand the School to Work Programme to provide additional secondary school children with a disability with the chance to experience work and make a choice about their employment futures.
- In addition to the total funded places (currently 434), target to increase the number of unfunded jobs for people with a disability employed by Phoenix to 116 by December 2015.

## Strategies

### Fundraising Development

**We will ...** enhance the Fundraising of the Society by the development of alternative income streams.

### Public Relations, Image, Branding and Communication

**We will ...** continue to improve the Phoenix brand and our professional image by communicating who we are and what we do to our many stakeholders including the business and general community at large with the aim of enlisting support to grow our business.

### Social inclusion and Employee Development

**We will ...** enhance our training, employment and development programmes for our key stakeholders at all times continuing to reinforce the objects of the Society "to assist people with varying degrees of ability to attain an improved quality of life through vocational training and employment".

### Key Partnerships

**We will ...** continue to foster close working relationships with Key Partners in the field of Disability to ensure that we at all times are informed of changes and trends that may impact the employment outcomes for our employees.

... improve the Phoenix brand and our professional image

... develop a formal plan of Corporate Governance for all levels of the organisation including Board, Management and Operations

... foster close working relationships with Key Partners in the field of Disability

# Year in Review

Economic times have dictated that this year's financial result was not as good as we would have liked it to have been. We continue to have to fight extremely hard against adversity to increase our overall revenues. Our financial result was a little below our expectations for the year and was impacted in the main by a reduction in fundraising income in what has been a very difficult charitable market.

However the Society remains financially sound and we remain well placed to take advantage of improved economic times. Importantly, we have been able to remain steadfast in our delivery of services to people with a disability. We have not lost sight of why we exist and in fact have grown our employee numbers to 472 people with disabilities and have again supported well in excess of 800 people with a disability.

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I thank our customers, our suppliers and our supporters as well as my staff and employees who continue to support the organisation during these difficult times. As a management group, through the Strategic Plan that has been developed, we clearly understand the direction that Phoenix is heading in over the next few years and we look forward to delivering on those expectations accordingly.

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The **Gepps Cross** division saw a substantial improvement in operating performance this year particularly in the last six months. We will continue to invest in new equipment, particularly as we have established new contracts in the growth industries of mining and defence that we believe will lead Gepps Cross to be financially stronger. We have seen an improvement this year and we expect it will continue.

It is pleasing to say that we saw our **Elizabeth** facility have a substantially improved year, albeit that our two major industries for this facility, being automotive and wine, continue to struggle in declining export markets. We have been able to secure new opportunities that have resulted in substantial increases in revenue for this facility and importantly, to further employment growth for people with disabilities in the northern region.

Sales growth in our **Whyalla** division saw us achieve our expectations in this area. However, the mix of work for the Whyalla division does concern us as we generate more external work opportunities rather than in-house factory work. Therefore it is necessary that we apply more training resources to develop our people to undertake the work that is secured in our growth areas of business.

This year a major contract was moved from our **Torrensville** facility to our Elizabeth facility, where it could be most efficiently fulfilled. It was a credit to the people of Torrensville that they were able to secure new contracts that will lead to longer term gains and that are manageable within the confines of the logistics challenges that remain at this facility. We are currently investigating means of improving Torrensville logistics that we can implement over the next couple of years. We have also consolidated the management of the Torrensville and Elizabeth facilities which I believe will create a positive return to both facilities.

Our **Post Haste** digital print and mailing division had a challenging twelve months as we saw the reliance on mailing services reduced nationally by five percent. However we have invested in new technologies and I believe that Post Haste has an exciting future with a new General Manager commencing in October 2011 and I am confident that Post Haste can be a positive financial contributor in the future.

Our new **Contact Centre** at Mawson Lakes, which we opened on 1st February 2011, already is showing signs of great efficiency and alternative income improvement. Fundraising this year, as I previously mentioned, has been extremely difficult. However, against adversity and with the introduction of new contracts, we are seeing a substantial improvement in financial growth in this area. I hope that in the not too distant future we will be able to expand our services into both outbound and inbound campaigns for general business but more importantly for government services. Our range of partners to our Contact Centre continues to grow and this year we have added the Police Association of South Australia, Animal Welfare League and Royal Flying Doctor Service to our list of partners and together we can develop income streams that benefit our respective organisations.

With our Strategic Plan now well entrenched into the daily operations of the Society, we have a clear vision on what we want and expect to achieve over the next few years. This Plan is, and must remain, a live document that ensures the actions we implement leads to better employment outcomes and Society growth.

We continue to reinforce the robustness of our many systems that provide us with confidence that we meet all standards including financial, quality, disability and safety.

More of our resources are being used to expand our training and development programmes even further and recent investments in electronic systems will ensure that we can enhance our overall service delivery.

This year we have again invested in capital equipment that has advanced technology to make us more competitive and efficient and we recognise that such investment is necessary if we are going to continue to grow.



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I acknowledge the support of the Board, staff, employees and management of Phoenix who have worked so diligently over the past twelve months to make Phoenix successful and ensure that we are well placed to take advantage of opportunities as we move forward. To all, I again say thank you for your ongoing support as we continue to make Phoenix a leader in the disability field locally, nationally and also internationally.

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**Ian M Terry**  
Chief Executive Officer

# Our People

## BOARD MEMBERS



**Dr Graeme Bethune  
Chairman**  
B Ec (Hons), PHD,  
FCPA, FAICD  
Chief Executive Officer  
EnergyQuest  
Joined the Board in 2000



**Dr Bill Griggs, AM, ASM  
Deputy Chairman**  
MBBS, MBA,  
PGDipAvMed, FANZCA,  
FCICM, FACAP, FAICD  
Director, Trauma Service  
Royal Adelaide Hospital  
Joined the Board in 2008



**Mr Leon Andrewartha**  
BEng, MBA, MAICD  
Managing Director  
Orrcon Operations Pty Ltd  
Joined the Board in 2008

### Audit and Risk Committee

Amanda Heyworth  
(Chair)  
Mervyn Chappel  
Ian Little

### Marketing and Public Relations Committee

Graeme Bethune (Chair)  
Lyn Breuer  
Marc Makrid

### Remuneration Committee

Graeme Bethune (Chair)  
Bill Griggs  
Ian Little



**Hon Lyn Breuer, MP**  
Speaker, House of  
Assembly  
(SA Parliament),  
Member for Giles (ALP)  
Joined the Board in 2009



**Mr Mervyn Chappel**  
ACA, CA(SA), FCMA,  
PMD (Harvard), B.Com  
Retired General Manager  
Joined the Board in 2008



**Mr Marc Makrid**  
BBus(Mkt)  
Managing Director  
Marc Makrid &  
Associates  
Joined the Board in 2008



**Ms Amanda Heyworth**  
BA (Acc), MBA (AGSM),  
SF Fin, FAICD  
Chief Executive Officer  
Playford Capital  
Joined the Board in 2009



**Mr Ian Little**  
CA, BCA, MBA, MAICD  
Managing Director  
Envestra  
Joined the Board in 2010

# Our People

## PATRON

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His Excellency Rear Admiral Kevin Scarce  
AC CSC RANR Governor of South Australia

## VICE-PATRON

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Mr Michael Evans

## AMBASSADORS

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Ali Carle  
Wayne Phillips  
Chris Knights  
Brenton Ragless  
Chad Cornes



*Left to Right (standing) Robert Styling, Don McRae, Geoff Brogan, Hastings Chikuse, John Davis, Andrew Ormandy  
Left to Right (seated) Manny Tabone, Ian Terry, Jeff Goodall, Jane Doyle*

## MANAGEMENT GROUP

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Chief Executive Officer, Mr Ian Terry  
General Manager, Human Resources,  
Mr Robert Styling, AFSM  
Group Financial Controller, Mr Hastings Chikuse  
General Manager, Labelling, Assembly & Engineering Services,  
Mr Geoff Brogan  
General Manager, Gepps Cross Division, Mr Jeff Goodall  
General Manager, Whyalla Division, Mr John Davis  
General Manager, Post Haste, Mr Don McRae  
General Manager, Business Development,  
Mr Andrew Ormandy  
Engineering Manager, Mr Manny Tabone  
Contact Centre Manager, Mrs Jane Doyle

## EMPLOYEE REPRESENTATIVE COMMITTEE

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Robert J Styling (Chair), Ian Terry, Michelle Smith,  
Stephen Taylor, Andrew Herewane, Peter Byrne,  
Anthony Turner, Patrick Chandler, Karen Gourlay,  
Simone Tsiaoussidis, Jarrod Clarkin



# Our People

## HONORARY LIFE GOVERNOR

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1977 Mr GM Reid, MBE †

## HONORARY LIFE MEMBERS

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1973 Mr RE Carter, OBE, MM, †

1974 Miss DJ Forward †

1975 Mrs C Marks †

1975 Mr LA Polkinghorne †

1976 Mr GM Soper

1978 Miss G Dickson

1978 Miss B Sandford †

1978 Mr JH Trenerry †

1978 Mr JBL Tucker

1979 Mr AW Burnell

1979 Miss M Kither †

1979 Mrs VJ Maurice †

1979 Mrs BD Morish

1979 Mrs JH Reid †

1980 Mr JJ Barber †

1980 Mr G Templer †

1982 Rev GH Young †

1984 Mr RR Martin

1987 Mr JB Hastwell †

1987 Mrs CE Rushby †

1988 Mr IC Snaith

1989 Mr SG Hocking

1991 Mr KC Rogers, OAM

1992 Mr RA Footner, AM

1996 Dr AB Black, OAM

1996 Mrs ED Kosmala, OAM

1997 Mrs EE Bone †

1997 Mr WJ Stamm, AM

2002 Mr KF Kelly, AM

2008 Mr AB Robins

2008 Mr PG White

2008 Mrs CM Brown

2008 Ms VK Bryant

2008 Mr RJ Styling, AFSM

2008 Mr JC Goodall

## PAST PRESIDENTS

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1961–1966 Sir Herbert Mayo †

1966–1967 Mr GM Reid, MBE †

## PREVIOUS CHAIRMEN

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1958–1961 Dr DM Williamson

1961–1970 Mr GM Reid, MBE †

1970–1977 Mr JBL Tucker

1977–1985 Mr G Templer †

1985–1991 Mr RA Footner, AM

1991–1996 Mr WJ Stamm, AM

1996–2000 Mr KF Kelly, AM

2000–2009 Mr AB Robins

## WOMEN'S AUXILIARY LIFE MEMBERS

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2003 Mrs M Hayward

2011 Mrs C Heard

Mrs K McCurdie

Mrs P Wagner

# Commercial Operations

## POST HASTE

Whilst Post Haste produced an operating surplus for the year, it was disappointingly well below our expectations, considering the substantial investments that we have made in technology to support this growing business. What is clearly evident is that on a national scale the volume of envelope mail has decreased by as much as five percent over the previous twelve months, reflecting the general slowdown in the economy, as well a change of direction by consumers who are electing to use multimedia instead of traditional mail to relay their message.

Strategically, Post Haste has recognised that there is going to be a change in the way that the general mail system works and as a consequence, we have invested heavily into appropriate software and technology to ensure that we too can adapt to consumer needs. However, this investment is taking time to develop to the point where we are able to fully market it to achieve the best possible outcomes for the Division.

Our entry into multimedia services, to both local and national markets, will see us develop complete campaigns for our customers in communicating with their end users. Internally we are developing the skills of our staff and employees to adapt to these new technologies as well as keeping pace with the existing user requirements who form the basis of the overall operations of this Division.

During the year a number of new high profile customers were introduced into our Division and these new customers are embracing the new technological services that Post Haste can now offer. We look forward to this expansion to other customers, with whom we are already in discussion, leading to increased revenue.

Aside from the directional change in our product offerings for the Post Haste Division, we are also seeing structural changes in our people. The General Manager Mr Barry Longhorn has elected to retire on the 30th of September 2011 after nineteen and a half years of terrific service to the organisation. We wish Barry well on his retirement. With a new leadership group to be in place soon thereafter, it is an exciting time which I have no doubt will see directional change and innovation introduced that will continue to expand Post Haste as a leader in the digital printing and mailing industry.



# Commercial Operations

## TORRENSVILLE

The strong partnerships that have formed with our valued customers continue to grow and provide outstanding opportunities for the continued development of every one who works at the Torrensville facility, no matter what their skill level.

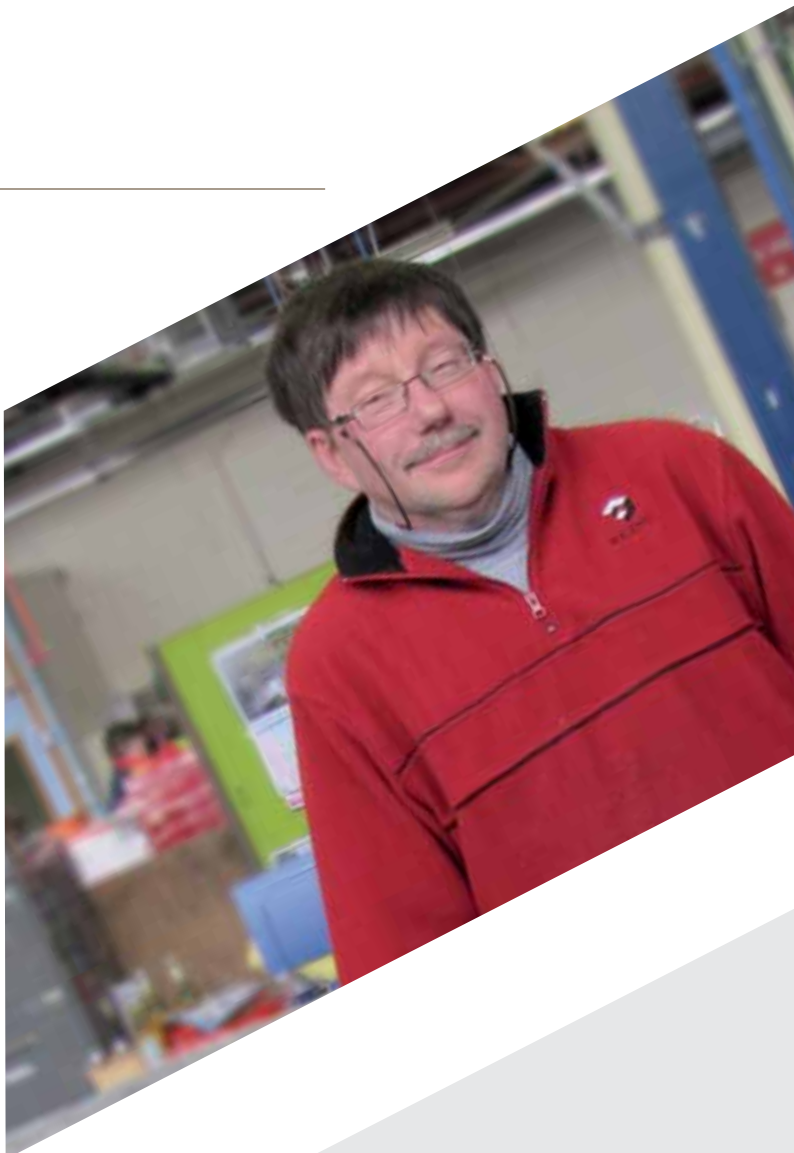
With manufacturing operations facing difficult times in an ever changing environment, it is really pleasing that our strong customer base has continued to support the positive work that we do. With their support I have no doubt that now and in the future we will continue to be able to provide challenging work for our employees and develop new types of work that will support the varying needs of our people.

Over the past year we have introduced new customers and expanded on existing customers to strengthen our revenue and improve our employee rewards.

Recently there has been a change in the management structure of the Torrensville facility and Mr Geoff Brogan who is also the Manager of the Elizabeth facility has taken over direct control of both divisions. I am confident that this will create a more cooperative approach between similar operations that will result in an improved turnover and more importantly a sharing of services between the operations.

As our employee numbers continue to grow at our Torrensville facility, it is important that we find ways of securing new opportunities for this Division and I believe that the cooperative approach that we have now instilled will do just that.

Our strategic growth for Torrensville is of course a longer exercise. Our Strategic Plan clearly identifies that we consider the operational facilities of this division and we are in the process of assessing our needs for the future and developing a plan to move forward that will improve efficiencies and operations in all aspects of the Torrensville facility.



# Commercial Operations

## GEPPS CROSS

The past twelve months at the Gepps Cross site resulted in many favourable outcomes in at times very subdued trading conditions affecting the majority of our customer base over the period.

Following the development and implementation of a new three year plan considerable resources were applied to meet a key objective of strategic sales growth. This 'growth' was achieved by identifying and securing new products and markets to suit the business which helped to offset the continued decline affecting local manufacturing, especially the furniture industry.

The capital investment on new machinery and technology provided the means to allow the change in sales direction. This proved extremely successful following an extensive manual handling review resulting in the purchase and commissioning of a new timber docking system and material handling equipment which allowed the flexibility and additional capacity required to achieve growth.

A strong focus continued on employee and staff training and development programmes with individual goals supported and enhanced through the introduction of the new plant and equipment. The resulting process efficiencies continued to improve product quality and overall customer service levels in a safer work environment.

Safety and quality systems maintenance and compliance continued to be well supported internally including the ongoing development of the recycling and environmental programmes.

The future looks extremely positive with plans in place for continued investment, sales growth and beneficial outcomes for all our customers and most importantly, our people.



# Commercial Operations

## ELIZABETH

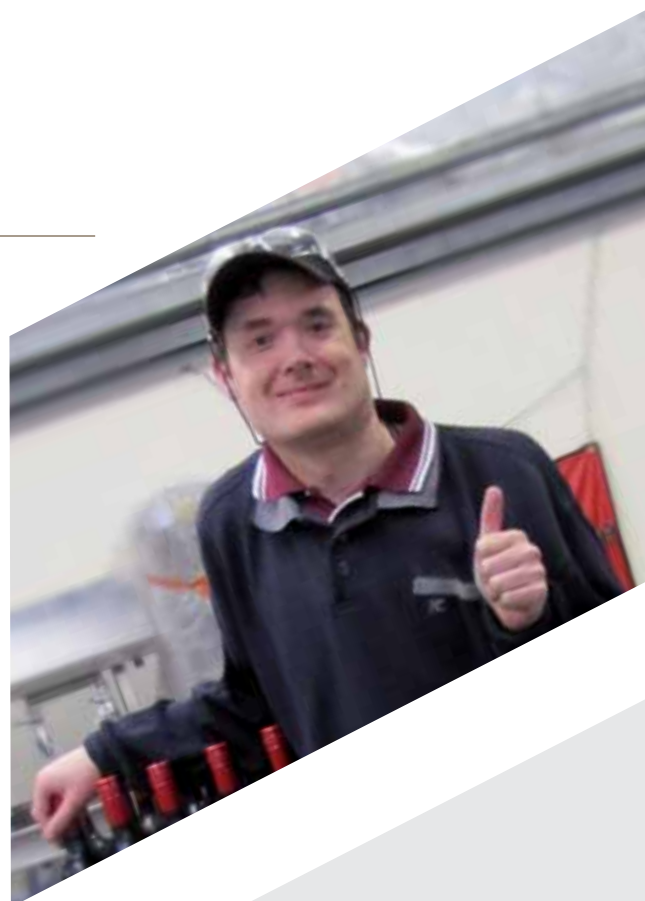
The completion this year of the Strategic Plan for 2011-14 has laid a new foundation for the Elizabeth Facility, with clear objectives and targets to meet the challenges of 2011 and beyond head on.

During the past twelve months we toiled through the tough economic period with admiration from both our suppliers and customers. We acknowledged and rectified some areas of weakness and have planned a strong commitment to sales and marketing that enhance our production methodologies. All of our staff have been involved in the planning processes and they in turn have kept our employees informed of the strategies for growth – which everyone is keen to be involved in.

Throughout the year, we have continued to provide our loyal customer base with quality work and an on-time delivery service. We prided ourselves on being able to work alongside these organisations as they look for new opportunities for their own business whilst also feeling the pressures of a changing manufacturing climate. In return we receive their ongoing support for our business and this was greatly appreciated.

We have maintained our Elizabeth Facility motto – “Find the challenging and worthwhile work that encourages skill development and provides for the future”.

With management now encompassing a coordinated approach with both the Elizabeth and Torrensville divisions, we believe that this will lead to greater cohesion and ultimately sales growth for both facilities.



# Commercial Operations

## WHYALLA

This year was a successful year for Phoenix Whyalla.

We have been able to continue growth through continual development of our employees, the restructuring of staff and the on-going support of our customers.

One of our objectives this year was to expand into other Regional Councils. We have been successful in promoting our organisation and our employees which has resulted in increased work for our embroidery, maintenance and car washing sections.

We are starting to benefit from the development of the mining industries around our region and we have formed a partnership with Telstra which will deliver additional work in the 2011/2012 year.

We identified a need to restructure our staff to include a Production Co-ordinator. This will also ensure that we incorporate new technology that leads to improved quality and services to our customers.

The School to Work Programme has been a successful partnership here in Whyalla as we have employed many students from the programme. The students have grown in knowledge and skills coming to understand the importance of employment and independence. Through this we have increased our employee numbers. This programme is proving very successful and we are promoting it not only within Whyalla but also in surrounding areas.

We have secured a lot of new work this year but at the same time, some of our more traditional work is declining and it is critical that we find new opportunities for our employees in Whyalla.



# Business Development, Public Relations And Fundraising

The world is a different place to where it was five years ago and the challenges that have resulted from the current global financial climate will test all of us in some way.

Experience shows that in tough economic times opportunities can be created where manufacturing and business down size their work force and out-source non-core business activities.

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With 600 people offering a wide range of skills, technology and services Phoenix is strategically positioned to provide the necessary out-sourcing solutions to assist Government, business and industry in coping with the current down turn in the global economy.

We are continually looking for new types of business opportunities that increase income and provide employment both of which can be independent of each other.

In February this year we established the organisation's sixth stand-alone commercial site with the relocation of our fundraising team to Technology Park (Mawson Lakes) and the launch of Phoenix Connect as a 'state of the art' contact centre.

The move to larger purpose built premises has enabled Phoenix to secure additional third-party telemarketing contracts (both out-bound and in-bound) in line with the strategic plan for business growth.

We are now engaged to manage lottery campaigns for the Royal Flying Doctor Service (Central Operations), Animal Welfare League SA and the Police Association of SA along with our long standing partnerships with the Adelaide Football Club, Asthma Foundation SA and the Port Adelaide Football Club.

Phoenix Connect continues to support the Hospital Research Foundation (formerly the Queen Elizabeth Hospital Research Foundation) by providing services for out-bound donation acquisition campaigns for medical research.

Successful tenders have secured new contracts with the SA Government through the Department for Families and Communities for Post Haste.

A key action for strategic business development growth is identifying further opportunities within the local, State and Federal Government sectors for Phoenix services to be engaged as an Australian Disability Enterprise (ADE).

Thanks to our Ambassadors Ali Carle, Wayne Phillips, Chris Knights, Brenton Ragless and Chad Cornes for their continued support and involvement with Phoenix and our people.

Developing strategic alliances through local and national networking will provide further new business acquisition opportunities and create competitive advantage in what will be another challenging year.



# Human Resources, Training and Development



This year has seen the commencement of our new Strategic Plan that in essence, builds our strategic framework and growth over the next 3 years and beyond. The Plan sees us grow our School to Work Transition Programme, despite the fact that it remains unfunded by any level of government and is consistently saving money by placing students in employment rather than Day Options and having huge benefits for those who participate.

## Employee Numbers

At the end of the financial year we had achieved our target of 470 employees with 472 people employed across all sites. We continue to have a funded capacity of 434 through the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) programme, the remainder we fund ourselves through returns from our commercial operations and fundraising programmes. However, overall we have supported some 631 people through our employment programmes, which is nearly 100 more than the previous year.

## Schools Programme

As previously mentioned we have continued with our work experience programme with a variety of Schools that have classes for children with disabilities. This year we have had 15 schools involved and have offered work experience to over 124 students. As a result of this programme we have offered full time employment to around 18 students and part time school/work options to 25 others. It is unfortunate that this programme is recognised by a number of Government Departments and Ministers as best practice, yet none are prepared to assist us in any way by providing funding support for it. We will continue to seek support from any area we can to continue this as we see it as an important part of the programmes we provide to people with disabilities.

However, as an organisation we see this area as one of strategic growth and our plan allocates resources to continue and grow this important initiative despite the lack of support from all levels of government.

It was very pleasing that the programme was recognised by Western Futures this year, in awarding Phoenix the Business Award for Outstanding Contribution to Disability Education.

## Training

Another area we have identified for growth is that of Staff Training. To this end we have commenced a Management Development Programme that over the next 12 months will see 11 staff undertake studies in the Diploma of Management. Alongside this we have also commenced a Sales Development Programme for our Account Managers that will provide formal qualifications for them as well as extending their networks significantly.

We have also commenced an "E-Learning Programme in a dedicated area at our Torrensville Training Facility. Six work stations have been set up with equipment donated by ETSA Utilities. Students will receive training on very basic computer use right through to more advanced areas such as internet banking etc.

We continue to conduct a comprehensive range of employment related training for our employees with disabilities. Most of this is now computer based and many are conducted in plain English.

Across all of our employment, training and schools programme this year, we have engaged with more than 1000 people with disabilities as well as many of their families and carers.

## Overseas Partnership

Our partnership with Persatuan Daybreak in Ipoh Malaysia continues to be strong with our annual face to face meetings still occurring and being supported by the South Australian Chapter of the Australia Malaysian Business Council. Daybreak is now being recognised as one of the leading providers of services to people with disabilities in Malaysia. The staff exchange programme between the two organisations has seen significant benefits in enabling them to establish programmes that are second to none in their country.

## Safety

Our effort to protect people from harm as a result of our operations remains an ongoing priority. Safety performance continued to improve. Our statistics show that overall we had an increase in hours worked by our workforce and it is against this increase in exposure that we report that we had exactly the same number of lost time injuries as last year, however, the hours lost per injury actually decreased.

All reported work-related injuries decreased by 46%.

We have introduced online incident reporting this year that tracks corrective actions, escalates items remaining unresolved and provides trending analysis for future safety improvements. The immediate benefits of the system are reflected through the real-time communications that result in early intervention strategies to minimise the impact that injuries have on workers lives.

Our continued improvement in our OHS&W performance has achieved a significant reduction in WorkCover related injuries through increasing the awareness of all staff and employees in the identification and elimination of hazards, resulting in better and safer job set ups. We have also vastly improved our injury prevention programmes. This included work placement projects conducted by the University of SA Physiotherapy and OHS&W students.

## Systems

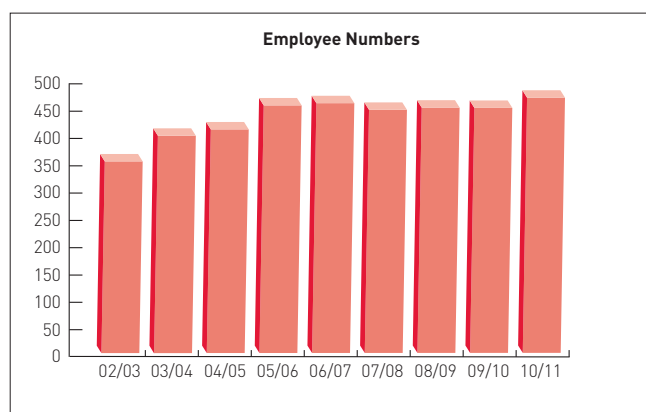
Compliance to various systems is a significant cost to the organisation in both monetary and staff terms. With this in mind the HR team has this year developed a computerised system to assist with these processes. The system saves considerable time especially during audits as all information is in one place and the process has a significant reporting facility that allows a greater level of information to users than ever before. The system computerises all wage assessments, support and training records and information required for funding, as well as maintaining our first aid and injury reporting system. By computerising these processes we have achieved a significant saving in labour costs.

In relation to our ongoing compliance with various systems, we had a number of external audits during the year and have passed all of these with flying colours. The breadth and scope of these audits is huge. The diverse nature of our business requires us to have systems that comply with Quality Standards such as; ISO 9001/2008, AQIS Certification under the Quarantine Act and Standard ISPM 15 for the treatment of timber as well as the Disability Services Standards and the normal financial reporting requirements of any other business.

Some of these are imposed on us as a part of the industry we are in and others are ones we have chosen to adopt to ensure we are successful in what we do and that we continue to ensure strategic growth for the organisation.

We continue to work in a very dynamic environment with major changes seemingly facing us all the time. Whether it be changes to industrial relation laws, government policy shifts bureaucratic challenges and now further challenges in the next year as the full new work place health and safety laws come into effect.

However, with the systems and people we have in place we are well positioned to deal with these issues as they arise.



# Awards Feature



## The Gordon Reid Medalist

Sponsored by the Gordon Maxwell Reid Trust Fund

**Margaret Scheerle  
(Post Haste)**

## Special Merit Awards



**Robert Gommers  
Gepps Cross**

Sponsored by the Esmé Bone and Belinda Marie Winter Trust Funds



**Vivian Grigg  
Whyalla**

Sponsored by the RT Patterson Fund



**John Hansford  
Contact Centre**

Sponsored by the Jim Griggs Memorial Trust



**Timothy Levett,  
Elizabeth**

Sponsored by the Port Adelaide Football Club

## Most Improved Employee Awards



**Dale Pritchard  
Torrensville**



**Matthew Bishop  
Gepps Cross**



**Simone Tsiaoussidis  
Elizabeth**

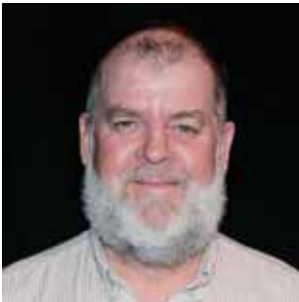


**James Babidge  
Whyalla**

Sponsored by the Phoenix Women's Auxiliary

## OHS&W Awards

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**Allan Wood**  
**Whyalla**

Sponsored by OneSteel  
Whyalla



**Margaret (Meg) Foale**  
**Elizabeth**

Sponsored by the Firebird  
Committee



**Katherine Ring**  
**Torrensville**

Sponsored by the Rotary  
Club of Kidman Park



**Garry Hicks**  
**Gepps Cross**

Sponsored by the RT  
Patterson Fund

## Environment Awards

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**John Lambrinos**  
**Torrensville**

Sponsored by Kiwanis Club of Rostrevor-Campbelltown



**Margaret Chapman**  
**Elizabeth**



**Andrew Hooper**  
**Gepps Cross**



**Steven Martin**  
**Whyalla**

## Employee of the Year Awards

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**Anne Marie Labasso**  
**Torrensville**

Sponsored by the Rotary  
Club of Thebarton



**Adam Martin**  
**Gepps Cross**

Sponsored by the Rotary  
Club of Campbelltown



**Marlene Salter**  
**Elizabeth**

Sponsored by Plan 4  
Financial Services



**Owen Hocking**  
**Whyalla**

Sponsored by the Rotary  
Club of Whyalla



**Annual Financial  
Statements  
2010/2011**

**Phoenix Society Incorporated**

## STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended 30 June 2011

	Note	2011 \$	2010 \$
<b>INCOME</b>			
Revenue	2	15,221,900	15,125,609
<b>EXPENSES</b>			
Employee Benefits Expense		(9,028,805)	(7,767,081)
Depreciation and Amortisation Expense		(629,338)	(563,757)
Operating Lease Expense	3	(411,056)	(292,909)
Other Expenses		(5,457,021)	(4,984,648)
Finance Costs	3	(31,104)	(41,653)
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>(335,424)</b>	<b>1,475,561</b>
<b>OTHER COMPREHENSIVE INCOME:</b>			
Net Gain on Revaluation of Assets		5,563,365	-
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>5,563,365</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>5,227,941</b>	<b>1,475,561</b>

The accompanying notes form part of these financial statements.

## STATEMENT OF FINANCIAL POSITION

As At 30 June 2011

	Note	2011 \$	2010 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	4	891,763	921,845
Trade and Other Receivables	5	1,551,204	1,459,671
Inventories	6	320,615	318,479
Other Financial Assets	7	2,518,593	2,950,000
Other Current Assets	8	122,203	98,990
<b>TOTAL CURRENT ASSETS</b>		<b>5,404,378</b>	<b>5,748,985</b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	9	15,004,256	8,919,729
<b>TOTAL NON-CURRENT ASSETS</b>		<b>15,004,256</b>	<b>8,919,729</b>
<b>TOTAL ASSETS</b>		<b>20,408,634</b>	<b>14,668,714</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	10	2,215,606	1,701,599
Borrowings	11	181,207	169,959
Provisions	12	623,129	462,906
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,019,942</b>	<b>2,334,464</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	11	193,200	374,407
Provisions	12	224,076	213,868
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>417,276</b>	<b>588,275</b>
<b>TOTAL LIABILITIES</b>		<b>3,437,218</b>	<b>2,922,739</b>
<b>NET ASSETS</b>		<b>16,971,416</b>	<b>11,745,975</b>
<b>EQUITY</b>			
Reserves	13	12,389,638	5,568,338
Retained Earnings		4,581,778	6,177,637
<b>TOTAL EQUITY</b>		<b>16,971,416</b>	<b>11,745,975</b>

The accompanying notes form part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY

For The Year Ended 30 June 2011

	Retained Earnings \$	Capital Funds Reserve \$	Future Development Reserve \$	Asset Revaluation Reserve \$	Trust Funds Reserve \$	Total \$
<b>BALANCE AT 1 JULY 2009</b>	<b>4,704,376</b>	<b>5,524,488</b>	-	-	<b>46,050</b>	<b>10,274,914</b>
<b>COMPREHENSIVE INCOME</b>						
Profit for the Year	1,475,561	-	-	-	-	1,475,561
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>1,475,561</b>	-	-	-	-	<b>1,475,561</b>
<b>TRANSFERS</b>						
Transfer from Retained Earnings to Trust Funds Reserve	(2,300)	-	-	-	2,300	-
<b>TOTAL TRANSFERS</b>	<b>(2,300)</b>	-	-	-	<b>2,300</b>	-
<b>OTHER</b>						
Trust Fund Payments	-	-	-	-	(4,500)	(4,500)
<b>TOTAL OTHER</b>	-	-	-	-	<b>(4,500)</b>	<b>(4,500)</b>
<b>BALANCE AT 30 JUNE 2010</b>	<b>6,177,637</b>	<b>5,524,488</b>	-	-	<b>43,850</b>	<b>11,745,975</b>
<b>COMPREHENSIVE INCOME</b>						
Profit for the Year	(335,424)	-	-	-	-	(335,424)
Other Comprehensive Income for the Year	-	-	-	5,563,365	-	5,563,365
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>(335,424)</b>	-	-	<b>5,563,365</b>	-	<b>5,227,941</b>
<b>TRANSFERS</b>						
Transfer from Retained Earnings to Future Development Reserve	(1,257,879)	-	1,257,879	-	-	-
Transfer from Retained Earnings to Trust Funds Reserve	(2,556)	-	-	-	2,556	-
<b>TOTAL TRANSFERS</b>	<b>(1,260,435)</b>	-	<b>1,257,879</b>	-	<b>2,556</b>	-
<b>OTHER</b>						
Trust Fund Payments	-	-	-	-	(2,500)	(2,500)
<b>TOTAL OTHER</b>	-	-	-	-	<b>(2,500)</b>	<b>(2,500)</b>
<b>BALANCE AT 30 JUNE 2011</b>	<b>4,581,778</b>	<b>5,524,488</b>	<b>1,257,879</b>	<b>5,563,365</b>	<b>43,906</b>	<b>16,971,416</b>

The accompanying notes form part of these financial statements.

# STATEMENT OF CASH FLOWS

For The Year Ended 30 June 2011

	Note	2011 \$	2010 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers		11,924,466	10,510,300
Operating Grants Receipts		4,333,382	4,079,003
Bequests and Donations Received		78,247	1,279,557
Payments to Suppliers and Employees		(15,544,030)	(13,847,797)
Interest Received		196,238	65,022
Interest Paid		(31,104)	(41,654)
Sundry Income Receipts		78,090	79,435
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	15	1,035,289	2,123,866
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Property, Plant and Equipment		361,004	20,000
Purchase of Property, Plant and Equipment		(1,504,116)	(318,893)
Payment of Investments		(199,800)	(1,800,000)
Proceeds from Investments		450,000	200,000
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		(892,912)	(1,898,893)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of Borrowings		(169,959)	(159,409)
Cost of Awards		(2,500)	(4,500)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		(172,459)	(163,909)
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		(30,082)	61,064
Cash and Cash Equivalents at Beginning of Financial year		921,845	860,781
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	4	891,763	921,845

The accompanying notes form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2011

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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### Basis of Preparation

The financial statements are special purpose financial statements prepared in order to satisfy the financial reporting requirements of the *Associations Incorporation Act 1985 and Regulations* and the Constitution of the Society. The Board has determined that the Society is not a reporting entity.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities, and apply the recognition and measurement provisions of the Australian Accounting Standards.

The following significant accounting policies have been adopted in the preparation of this financial report.

### Accounting Policies

#### a. Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

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 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 provision of membership subscriptions is recognised on a straightline basis over the financial year. All revenue is stated net of the amount of goods and services tax (GST).

#### b. Income Tax

No provision for Income Tax has been raised as the entity is exempt from Income Tax under Div. 50 of the ITAA 1997.

#### c. 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 components of investing and financing activities, which are disclosed as operating cash flows.

#### d. Cash and Cash Equivalents

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

#### e. Inventories

Inventories are measured at the lower of cost and net realisable value. 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 standard costs.

#### f. Property, Plant and Equipment

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

# NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2011

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of the asset is charged to the statement of comprehensive income and depreciation based on the asset's original cost is transferred from the revaluation surplus to retained earnings.

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

### Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(g) for details of impairment).

The cost of fixed assets constructed within the association includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the association and the cost of the item can be measured reliably. 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, including buildings and capitalised lease assets, but excluding motor vehicles – cars, is depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is held ready for use. Motor vehicles – cars are depreciated on a reducing balance method. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Plant and equipment	5% – 33.33%
Motor Vehicles - Forklifts	10%
Motor Vehicles – Cars	22.50%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date.

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

### g. Impairment of Non-Current Assets

At the end of each reporting period, the association reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

# NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2011

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### h. Financial instruments

#### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the association commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

#### Classification and subsequent measurement

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

*Amortised cost* is calculated as:

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

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

#### i. *Financial assets at fair value through profit or loss*

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

#### ii. *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

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

#### iii. *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the association's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

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

#### iv. *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity

# NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2011

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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nor fixed or determinable payments. They are subsequently measured at fair value with changes in fair value recognised in other comprehensive income.

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

v. *Financial liabilities*

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

### **Impairment of Financial Assets**

At the end of each reporting period, the association assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss.

### **Derecognition of Financial Instruments**

Financial assets are derecognised where the contractual right 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.

i. **Trade and Other Payables**

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

j. **Employee Benefits**

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

k. **Provisions**

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

l. **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as expenses in the period in which they are incurred.

m. **Leases**

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

# NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2011

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Finance leases are capitalised by recording an asset and a liability at the lower of the amount 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 association will obtain ownership of the asset.

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.

### n. Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year, but have not been adjusted for changes in recognition or measurement policies.

### o. Change in Accounting Policy

There was a change in accounting policy in relation to the measurement of employee entitlement liabilities as a result of the application of the recognition and measurement provisions of the Australian Accounting Standards. Previously these were recognised at current pay rates without recognising related superannuation and workcover, and long service leave entitlements were only recognised after the completion of 4 years service. These are now recognised in accordance with note 1(j) above and include amounts for superannuation and workcover.

The aggregate effect of the change in accounting policy on the financial statements for the year ended 30 June 2011 is as follows:

	Previous Policy \$	Adjustments \$	Revised Policy \$
<b>Statement of Financial Position</b>			
Trade & Other Payables – Employee Benefits	411,582	66,679	478,261
Provisions – Current Long Term Employee Benefits	550,212	72,917	623,129
Provisions – Non-Current Long Term Employee Benefits	196,227	27,849	224,076
Retained Earnings	4,749,233	167,455	4,581,778
<b>Statement of Comprehensive Income</b>			
Employee Benefits Expense	8,861,360	167,455	9,028,805
Loss for the Year	167,969	167,455	335,424

# NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2011

## NOTE 2: REVENUE AND OTHER INCOME

	2011 \$	2010 \$
<b>Revenue</b>		
Sales Revenue:		
- Sales	10,935,002	9,935,474
Other Revenue:		
- Operating Grants	3,939,438	3,708,185
- Bequests	8,000	1,159,879
- Donations	70,247	119,678
- Interest Received on Financial Assets	183,735	110,171
- Sundry Income	85,478	92,222
	4,286,898	5,190,135
Total Revenue	15,221,900	15,125,609

## NOTE 3: EXPENSES FOR THE YEAR

<b>Expenses</b>		
Interest Expense on Financial Liabilities	31,104	41,654
Remuneration of the Auditor of the Association for:		
- Auditing the Financial Report	31,150	46,725
- Financial Report Advice	2,500	-
- Compilation of Financial Report	10,425	-
Total Remuneration of the Auditors	44,075	46,725
Rental Expense on Operating Leases:		
- Minimum Lease Payments	411,056	292,909
- Contingent rentals	-	-
- Rental expense for sub-lease	-	-
Total Rental Expense on Operating Leases	411,056	292,909

# NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2011

## NOTE 4: CASH AND CASH EQUIVALENTS

	2011 \$	2010 \$
Cash at Bank and in Hand	63,011	142,763
Short-Term Bank Deposits	828,752	779,082
	891,763	921,845

## NOTE 5: TRADE AND OTHER RECEIVABLES

<b>CURRENT</b>		
Trade Receivables	1,291,531	1,237,400
Other Receivables	259,673	222,271
	1,551,204	1,459,671

## NOTE 6: INVENTORIES

<b>CURRENT</b>		
At Cost:		
Raw Materials	233,919	241,452
Work in Progress	37,035	30,042
Finished Goods	49,661	46,985
	320,615	318,479

## NOTE 7: OTHER FINANCIAL ASSETS

<b>CURRENT</b>		
Held to Maturity Financial Assets	2,518,593	2,950,000
	2,518,593	2,950,000

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2011

### NOTE 8: OTHER ASSETS

	2011 \$	2010 \$
<b>CURRENT</b>		
Prepayments	122,203	98,990
	<u>122,203</u>	<u>98,990</u>

### NOTE 9: PROPERTY, PLANT AND EQUIPMENT

Land at Independent Valuation	6,205,000	-
Buildings at Independent Valuation	5,190,000	-
Land and Buildings at Cost	-	5,831,635
	<u>11,395,000</u>	<u>5,831,635</u>
Plant and Equipment at Cost	7,892,075	6,955,442
- Accumulated Depreciation	(5,005,225)	(4,557,429)
	<u>2,886,850</u>	<u>2,398,013</u>
- Motor Vehicles at Cost:	1,164,431	1,073,907
- Accumulated Depreciation	(442,025)	(383,826)
	<u>722,406</u>	<u>690,081</u>
- Total Property, Plant and Equipment	<u>15,004,256</u>	<u>8,919,729</u>

# NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2011

## NOTE 9: PROPERTY, PLANT AND EQUIPMENT

### Movements in carrying amounts

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

	Land and Buildings \$	Plant and Equipment \$	Motor Vehicles \$	Total \$
Balance at 1 July 2009	5,831,635	2,498,593	841,580	9,171,808
Additions	-	290,117	28,773	318,890
Disposals	-	(7,813)	(11,053)	(18,866)
Depreciation Expense	-	(382,884)	(169,219)	(552,103)
Balance at 30 June 2010	5,831,635	2,398,013	690,081	8,919,729
Additions	-	1,121,716	382,400	1,504,116
Disposals	-	(185,084)	(291,875)	(476,959)
Revaluations	5,563,365	-	-	5,563,365
Depreciation Expense	-	(447,796)	(58,200)	(505,996)
Carrying Amount at 30 June 2011	11,395,000	2,886,849	722,406	15,004,255

### Asset revaluations

#### Freehold land

As at 30 June 2011 the freehold land held by Phoenix Society Inc was valued by an independent valuer. The fair value of the freehold land using fair value less cost to sell, based on an active market, was determined to be \$6,205,000. The revaluation increment has been credited to the Asset Revaluation Reserve and recognised in the Statement of Comprehensive Income.

#### Buildings

As at 30 June 2011 the buildings held by Phoenix Society Inc were valued by an independent valuer. The fair value of the buildings using fair value less cost to sell, based on an active market, was determined to be \$5,190,000. The revaluation increment has been credited to the Asset Revaluation Reserve and recognised in the Statement of Comprehensive Income.

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2011

### NOTE 10: TRADE AND OTHER PAYABLES

	2011 \$	2010 \$
<b>CURRENT</b>		
Trade Payables	843,980	662,359
Accruals	893,365	670,652
Employee Benefits	478,261	368,588
	2,215,606	1,701,599

### NOTE 11: BORROWINGS

<b>CURRENT</b>		
Deferred Purchase Agreement	181,207	169,959
	181,207	169,959

<b>NON-CURRENT</b>		
Deferred Purchase Agreement	193,200	374,407
	193,200	374,407

### NOTE 12: PROVISIONS

<b>CURRENT</b>		
Long Term Employee Benefits	623,129	462,906
	623,129	462,906

<b>NON-CURRENT</b>		
Long Term Employee Benefits	224,076	213,868
	224,076	213,868

# NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2011

## NOTE 13: RESERVES

	2011 \$	2010 \$
Capital Funds Reserve	5,524,488	5,524,488
Future Development Reserve	1,257,879	-
Asset Revaluation Reserve	5,563,365	-
Trust Funds Reserve:		
- Education Trust Fund	7,463	7,041
- Firebird Personal Development Fund	4,083	4,143
- R Patterson Trust Fund	2,792	3,217
- Belinda Winter Trust Fund	5,183	5,035
- E E Bone Award Trust Fund	2,719	2,711
- Gordon Reid Trust Fund	9,787	10,204
- Jim Griggs Memorial Trust	11,879	11,499
Total Trust Funds Reserve	43,906	43,850
	<u>12,389,638</u>	<u>5,568,338</u>

## NOTE 14: CAPITAL AND LEASING COMMITMENTS

### Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable — minimum lease payments:

- not later than 12 months	432,174	392,771
- between 12 months and five years	1,600,612	1,442,914
- greater than five years	-	-
	<u>2,032,786</u>	<u>1,835,685</u>

The property lease commitment relating to the Post Haste premises at Thebarton is a non-cancellable operating lease with a ten-year term that commenced on 1 July 2005. Increase in lease commitments may occur in line with the Consumer Price Index (CPI).

The property lease commitment relating to the Endeavour House premises at Mawson Lakes is a non-cancellable operating lease with a five-year term that commenced on 1 February 2011. Increase in lease commitments may occur in line with the Consumer Price Index (CPI).

The digital black and colour printers and associated computer software commitment is a non-cancellable operating lease with a five-year term that commenced 15 July 2010.

# NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2011

## NOTE 15: CASH FLOW INFORMATION

	2011 \$	2010 \$
<b>Reconciliation of Cash Flow from Operations with Profit/(Loss)</b>		
Profit/(Loss)	(335,424)	1,475,561
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	629,338	563,757
- net gain on disposal of property, plant and equipment	(7,388)	(12,787)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and term debtors	89,674	(214,578)
- (increase)/decrease in prepayments	(23,213)	(2,176)
- (increase)/decrease in inventories	(2,136)	3,290
- increase/(decrease) in trade and other payables	514,007	182,029
- increase/(decrease) in employee benefits	170,431	128,770
Net Cash Provided by Operating Activities	1,035,289	2,123,866

## STATEMENT BY THE BOARD

For The Year Ended 30 June 2011

The Board has determined that the Society is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the Board:

- a. the accompanying financial report comprising the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements, present fairly the results of the operations and the cash flows of the Society for the financial year ended 30 June 2011 and the state of affairs of the Society as at that date; and
- b. at the date of this statement there are reasonable grounds to believe that the Society will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of the Board.



G Bethune  
Board Member



M Chappel  
Board Member

Adelaide, 19th September 2011

## REPORT BY THE BOARD

For The Year Ended 30 June 2011

During the financial year to which the financial report relates and in the opinion of the members of the Board:

- a. no officer of the Society, a firm of which an officer is a member, or a body corporate in which an officer has a substantial financial interest, has received or become entitled to receive a benefit as a result of a contract between the officer, a firm of which the officer is a member or a body corporate in which the officer has a substantial financial interest and the Society, except for Marc Makrid who is a member of Marc Makrid & Associates Pty Ltd which received payment for consulting services provided in the ordinary course of business and the executive management team who received employee remuneration on normal commercial terms and which has been approved by the Board; and
- b. no officer of the Society has received directly or indirectly from the Society any payment or other benefit of a pecuniary value other than those disclosed in part (a) above which were on normal commercial terms and in the ordinary course of business.

Signed in accordance with a resolution of the Board.



G Bethune  
Board Member



M Chappel  
Board Member

Adelaide, 19th September 2011



# Phoenix Society Incorporated



## HEAD OFFICE

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Website: www.phoenixsoc.org.au

## OPERATING DIVISIONS

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Torrensville SA 5031  
Ph: (08) 8152 2400  
Fax: (08) 8152 2411

Cnr Commercial & Kettering Roads  
Elizabeth South SA 5112  
Ph: (08) 8256 4100  
Fax: (08) 8255 7599

### **Phoenix Timber Products Division**

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Gepps Cross SA 5094  
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Fax: (08) 8260 4043

### **Phoenix Whyalla Division**

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Fax: (08) 8645 9752

### **Post Haste**

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Thebarton SA 5031  
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Fax: (08) 8238 9713

### **Phoenix Connect**

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