

# **Uniting Aged Care Victoria and Tasmania**

## **Financial Statements**

**For the Year Ended 30 June 2009**

# UNITING AGED CARE VICTORIA AND TASMANIA

## BOARD OF GOVERNANCE REPORT

Your members of the Board of Governance present their report on the aggregated entity for the financial year ended 30 June 2009.

### Board of Governance Members

The names of the members in office at any time during the financial year and until the date of this report are as follows:

Dr Alan Wilkinson, Chairperson  
Rev Rob Brown, General Secretary (ex officio)  
Ms Phillipa Davey (Alternate member until January 2009)  
Mr Joe Dicks  
Mrs Beth Horsfield  
Ms Karen Janiszewski  
Dr Gerry Naughtin  
Ms Libby Pallot  
Mr Richard Price  
Mr Ken Tabart  
Rev Allan Thompson, Appointed December 2008  
Rev Dr Peter Blackwood, Associate General Secretary - Appointed January 2009 (Alternate Member)  
Rev Allan Thompson, Associate General Secretary (Alternate Member until December 2008)

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

### Operating Results

The loss of the aggregated entity for the financial year amounted to \$6,826,663 (2007: surplus \$891,565).

### Review of Operations

A review of the operations of the aggregated entity during the financial year and the results of those operations found that during the year, the aggregated entity continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

### Significant Changes in State of Affairs

During the financial year there was no significant change in the state of affairs of the entity other than referred to in the accounts or notes thereto.

### Principal Activity

The principal activity of the aggregated entity during the financial year was the provision of aged care services. No significant change in the nature of this activity occurred during the year.

### After Balance Date Events

Subsequent to the end of the financial year:

- Uniting Aged Care closed the Marivale residential service (effective from 16 July) and the Bodalla residential service (effective from 31 July). All residents were transferred to suitable alternative accommodation. Uniting Aged Care has not finalised decisions on the future use of these properties and hence has not yet quantified the financial effect of these decisions nor included any values in the financial report at 30 June 2009;
- Uniting Aged Care signed an agreement on 14 September 2009 with ADCO Constructions (Vic) Pty Limited to participate in the development of an aged care complex at Kingsville. The total value of the project will be \$36,166,295. The financial effects of this development will be included in future year's financial reports.

### Likely Developments

The aggregated entity expects to maintain the present status and level of operations and hence there are no likely material developments in the aggregated entity's operations.

# UNITING AGED CARE VICTORIA AND TASMANIA

## BOARD OF GOVERNANCE REPORT

### Meetings of Members

Members	Board of Governance Meetings		Committee Meetings											
			Audit & Risk Committee		Finance Committee		Property & Development Committee		Quality & Safety Committee		Remuneration & Nominations Committee		State Committee Tasmania	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Dr Alan Wilkinson	11	11	3	3	11	10	8	7	4	2	4	4	2	1
Ms Phillipa Davey	6	4	-	-	-	-	-	-	-	-	-	-	-	-
Mr Joe Dicks	11	9	3	3	11	10	-	-	-	-	-	-	-	-
Mrs Beth Horsfield	11	9	-	-	-	-	-	-	-	-	4	4	-	-
Ms Karen Janiszewski	11	10	-	-	-	-	8	8	-	-	-	-	-	-
Dr Gerry Naughtin	11	8	-	-	-	-	-	-	4	3	-	-	-	-
Ms Libby Pallot	5	5	-	-	-	-	-	-	-	-	4	4	-	-
Mr Richard Price	11	8	-	-	11	9	-	-	-	-	-	-	2	1
Mr Ken Tabart	11	10	-	-	-	-	8	8	-	-	-	-	-	-
Rev Allan Thompson	6	3	2	1	-	-	1	0	-	-	-	-	-	-
Rev Rob Brown*	9	8	-	-	-	-	-	-	-	-	4	2	-	-
Rev Allan Thompson*	1	1	-	-	-	-	-	-	-	-	-	-	2	2
Rev Dr Peter Blackwood*	1	1	-	-	-	-	-	-	-	-	-	-	-	-
Ms Fiona Campbell**	-	-	3	3	-	-	-	-	-	-	-	-	-	-
Mr Peter Strugnell	-	-	3	1	11	8	-	-	-	-	-	-	-	-
Mr Matthew Sweeney	-	-	3	2	11	5	-	-	-	-	-	-	-	-
Mr Ian Webb	-	-	3	2	11	11	-	-	-	-	-	-	-	-
Dr Hilary Davies	-	-	-	-	-	-	8	3	-	-	-	-	-	-
Mr Robert Lister	-	-	-	-	-	-	1	1	-	-	-	-	-	-
Ms Meredith Withers	-	-	-	-	-	-	2	1	-	-	-	-	-	-
Ms Cathy Balding	-	-	-	-	-	-	-	-	2	1	-	-	-	-
Ms Robyn Batten	-	-	-	-	-	-	-	-	4	4	4	4	-	-
Ms Jane Blaxland	-	-	-	-	-	-	-	-	1	0	-	-	-	-
Mr Victor Harcourt	-	-	-	-	-	-	-	-	4	2	-	-	-	-
Mr Bernie McCarthy	-	-	-	-	-	-	-	-	4	2	-	-	-	-
Prof Yvonne Wells	-	-	-	-	-	-	-	-	4	4	-	-	-	-
Mrs Janet Wood	-	-	-	-	-	-	-	-	4	3	-	-	-	-
Ms Mary Barnard	-	-	-	-	-	-	-	-	-	-	-	-	2	2
Rev Tony Duncan	-	-	-	-	-	-	-	-	-	-	-	-	2	2
Dr Bruce Felmingham	-	-	-	-	-	-	-	-	-	-	-	-	2	1
Assoc Prof Sally Garratt	-	-	-	-	-	-	-	-	-	-	-	-	2	1

\*Rev Rob Brown, General Secretary; Rev Allan Thompson Associate General Secretary; Rev Dr Peter Blackwood Associate General Secretary

\*\*Ms Fiona Campbell, Audit & Risk Committee Chair

## UNITING AGED CARE VICTORIA AND TASMANIA

### BOARD OF GOVERNANCE REPORT

#### Indemnification of Officer or Auditor

During the financial year, the aggregated entity had insurance coverage through Uniting Church Insurance Services for all members of the Board of Governance. No insurance coverage is provided to the auditors of the aggregated entity.

#### Proceedings on Behalf of the Entity

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

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

#### Environmental Issues

The aggregated entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

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

Board Member

  
Dr Alan Wilkinson, Chairperson

Board Member

  
Mr Joe Dicks

Dated this 17 day of Oct 2009.

# UNITING AGED CARE VICTORIA AND TASMANIA

## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 \$	2008 \$
Revenue from ordinary activities	2	115,377,715	113,839,008
Care expenses		70,604,073	68,427,796
Hotel expenses		21,968,348	20,546,838
Administrative expenses		18,729,980	16,703,875
Finance costs	3	747,687	307,258
Costs associated with write off of infrastructure		1,345,368	673,380
Other expenses		<u>8,808,922</u>	<u>6,288,295</u>
<b>Surplus/(Deficit) before income tax</b>		<b>(6,826,663)</b>	<b>891,565</b>
Income tax expense	1(n)	<u>-</u>	<u>-</u>
<b>Surplus/(Deficit) after income tax</b>		<b><u>(6,826,663)</u></b>	<b><u>891,565</u></b>

The accompanying notes form part of these financial statements

# UNITING AGED CARE VICTORIA AND TASMANIA

## BALANCE SHEET AS AT 30 JUNE 2009

	Note	2009 \$	2008 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	3,294,898	5,607,661
Trade and other receivables	5	7,121,508	9,112,387
Other financial assets	6	76,154,201	73,558,180
Other assets	7	1,203,529	1,097,459
<b>Total current assets</b>		<u>87,774,137</u>	<u>89,375,687</u>
<b>Non-current assets</b>			
Property, plant and equipment	8	125,692,959	144,238,887
Investment properties	9	31,112,313	14,879,124
Intangible assets	10	57,510,816	56,244,429
<b>Total non-current assets</b>		<u>214,316,088</u>	<u>215,362,440</u>
<b>TOTAL ASSETS</b>		<u>302,090,225</u>	<u>304,738,127</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	11	7,306,448	6,768,795
Provisions	12	10,018,474	9,799,281
Resident ingoings	13	98,670,306	88,021,355
<b>Total current liabilities</b>		<u>115,995,229</u>	<u>104,589,431</u>
<b>Non-current liabilities</b>			
Trade and other payables	11	-	23,760
Provisions	12	915,046	872,031
<b>Total non-current liabilities</b>		<u>915,046</u>	<u>895,791</u>
<b>TOTAL LIABILITIES</b>		<u>116,910,274</u>	<u>105,485,223</u>
<b>NET ASSETS</b>		<u>185,179,951</u>	<u>199,252,905</u>
<b>EQUITY</b>			
Reserves	14	23,070,540	30,397,852
Retained earnings	14	162,109,411	168,855,053
<b>TOTAL EQUITY</b>		<u>185,179,951</u>	<u>199,252,905</u>

The accompanying notes form part of these financial statements

# UNITING AGED CARE VICTORIA AND TASMANIA

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

	Note	Retained Earnings \$	Reserves \$	Total Equity \$
<b>Balance at 1 July 2007</b>		167,760,742	35,927,280	203,688,022
Surplus for the year		891,565	-	891,565
(Decrease) in market value of Available for Sale Assets		-	(5,348,630)	(5,348,630)
Transfers		202,745	(180,798)	21,947
		-		-
<b>Balance at 1 July 2008</b>		<u>168,855,053</u>	<u>30,397,852</u>	<u>199,252,905</u>
Surplus for the year		(6,826,663)	-	(6,826,663)
Increase.(Decrease) in market value of Available for Sale Assets		81,021	(7,246,291)	(7,165,270)
Transfers		-	(81,021)	(81,021)
<b>Balance at 30 June 2009</b>		<u>162,109,411</u>	<u>23,070,540</u>	<u>185,179,951</u>

The accompanying notes form part of these financial statements

# UNITING AGED CARE VICTORIA AND TASMANIA

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 \$	2008 \$
<b>Cash flows from operating activities:</b>			
Receipts from customers		35,459,800	29,161,486
Receipts from government funding		73,991,155	72,164,947
Donations, bequests and fundraising		1,338,250	3,872,506
Payments to suppliers and employees		(114,109,136)	(104,118,411)
Interest paid		(747,687)	(307,258)
Interest received		5,626,071	5,486,985
<b>Total cash from operating activities</b>	16 (b)	<b>1,558,453</b>	<b>6,260,255</b>
<b>Cash flow from investing activities:</b>			
Proceeds from sale of property plant and equipment		101,503	33,704
Receipts from Deposits with UCA Funds Management		(8,202,867)	25,282,158
Payments for Available Sale Assets with UCA Funds Management		(1,648,346)	(10,330,830)
Payments for property plant and equipment		(4,780,001)	(21,539,795)
Payments for intangible assets		(3,891)	(636,164)
<b>Net cash provided from investing activities</b>		<b>(14,533,602)</b>	<b>(7,190,927)</b>
<b>Cash flows from financing activities:</b>			
Net resident ingoing contributions received		10,662,385	9,289,980
Payments to UCA Funds Management		-	(8,239,042)
Repayment of Bank borrowings		-	-
Net payments for lease liabilities		-	(20,889)
<b>Net cash used by financing activities</b>		<b>10,662,385</b>	<b>1,030,049</b>
Cash and cash equivalents at beginning of year		5,607,661	5,508,284
<b>Net cash increase (decrease) in cash and cash equivalents</b>		<b>(2,312,763)</b>	<b>99,377</b>
<b>Cash and cash equivalents at end of year</b>	16 (a)	<b>3,294,898</b>	<b>5,607,661</b>

The accompanying notes form part of these financial statements



## **UNITING AGED CARE VICTORIA AND TASMANIA**

### **FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

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## **UNITING AGED CARE VICTORIA AND TASMANIA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

#### **1 Statement of Significant Accounting Policies**

##### **(a) Entity Information**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report covers Uniting Aged Care Victoria and Tasmania (UCAV&T) as an aggregated entity. UCAV&T is an agency of the Uniting Church to which the Uniting Church in Australia Property Trust (Victoria) and the Uniting Church in Australia Property Trust (Tas) holds legal title. The Uniting Church in Australia Property Trust (Victoria) and the Uniting Church in Australia Property Trust (Tas) are constituted as corporations pursuant to the provision of the Uniting Church in Australia Act 1977 No. 9021 in the State of Victoria and the Uniting Church in Australia Act 1977 No. 38 in the State of Tasmania respectively.

The financial report of Uniting Aged Care Victoria and Tasmania was authorised for issue by the Members of the Board of Governance on 27 October 2009.

##### **(b) Basis of Preparation**

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

##### **(c) Statement of Compliance**

The financial report complies with all Australian Accounting Standards.

The following is a summary of the material accounting policies adopted by the aggregated entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

##### **(d) New accounting standards and Australian Accounting Interpretations**

Certain new accounting standards and Australian Accounting Interpretations have been published that are not mandatory for 30 June 2009 reporting periods but contain an option for early adoption.

The entity has reviewed each of these new standards and interpretations and is satisfied that while there will be new disclosures required by these standards and interpretations, they have no impact on the reported financial position and performance of the entity for the year ended 30 June 2009 and accordingly they have not been adopted early.

##### **(e) Basis of Aggregation**

The financial report has been prepared on the basis of an aggregation of the aged care services provided by the Uniting Aged Care within the Uniting Church in Australia Synod of Victoria and Tasmania.

These services include residential (low and high care services), a range of community services (including Day Therapy centres, Day Care centres, CACP, EACH, EACHD, NRCP) and Independent Living Units across Victoria and Tasmania.

## UNITING AGED CARE VICTORIA AND TASMANIA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

#### 1 Statement of Significant Accounting Policies (continued)

##### (e) Basis of Aggregation (continued)

These services operate under the Approved Provider of the Uniting Church in Australia Property Trust (Victoria) and Uniting Church in Australia Property Trust (Tas).

The aggregation does not have a parent entity as no one agency dominates decision making and has control.

Transactions between divisions have been eliminated for the purposes of preparing the aggregated financial report.

##### (f) Critical Accounting Estimates and Judgements

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make estimates, judgements and assumptions 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. Actual results may differ from these estimates.

The accounting policies detailed in note 1 provide details of these estimates, judgements and assumptions.

##### (g) Property, Plant and Equipment

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

##### *Recognition and Disclosure of Assets*

Uniting Aged Care, has assumed responsibility and recorded in the Balance Sheet certain land & buildings of which the Uniting Church in Australia Property Trust (Victoria) and Uniting Church in Australia Property Trust (Tas) hold legal ownership. The carrying value of land and buildings over which the Uniting Church in Australia Property Trust (Victoria) and Uniting Church in Australia Property Trust (Tas) hold legal ownership at 30 June 2008 is \$178,032,445 (2008 \$155,551,168) less accumulated depreciation \$32,490,286 (2008: \$28,868,410). The members of the Board of Governance are of the opinion that the criteria for the recognition of those assets as set out in the Framework for the Preparation and Presentation of Financial Statements is satisfied. That is, although the Uniting Church in Australia Property Trust (Victoria) and the Uniting Church in Australia Property Trust (Tas) hold legally enforceable rights over the relevant assets registered in its name, those assets are controlled by the aggregated entity and the future economic benefits of their use and management will flow to Uniting Aged Care.

##### *Property*

Freehold land and buildings are measured at cost or deemed cost less accumulated depreciation and impairment losses. Fair value is the amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction as at the valuation date.

Plant and equipment are measured on the cost basis less depreciation and impairment losses. The cost of fixed assets constructed within the aggregated entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

## UNITING AGED CARE VICTORIA AND TASMANIA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

#### 1 Statement of Significant Accounting Policies (continued)

##### (g) Property, Plant and Equipment (continued)

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 entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

##### *Depreciation*

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

<b>Class of Asset</b>	<b>Depreciation Rates</b>
Buildings	2 - 10 %
Plant and Equipment	7.5 - 25 %
Motor Vehicles	20 - 40 %
Furniture, Fixtures and Fittings	7.5 - 15 %
Office Equipment	25 - 50 %

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

##### *Revaluation*

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and any subsequent impairment losses.

Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Any revaluation increase is credited to the asset revaluation reserve included in the equity section of the balance sheet, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit, in which case the increase is recognised in surplus or deficit.

Any revaluation decrease is recognised in surplus or deficit, except that a decrease offsetting a previous revaluation increase for the same asset is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

##### (h) 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 that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in values, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the balance sheet.

## UNITING AGED CARE VICTORIA AND TASMANIA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

#### (i) Financial Instruments

##### *Recognition and initial measurement*

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

##### *Derecognition*

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

#### **Classification and subsequent measurement**

##### (i) *Loans and receivables*

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

Receivables are carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the entity will not be able to collect the debts. Bad debts are written off when identified.

##### (ii) *Held-to-maturity financial assets*

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

##### (iii) *Available-for-sale financial assets*

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value with changes in fair value are taken directly to equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to surplus or deficit.

## UNITING AGED CARE VICTORIA AND TASMANIA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

#### **1 Statement of Significant Accounting Policies (continued)**

##### **(i) Financial Instruments (continued)**

###### *(iv) Financial Liabilities*

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the entity prior to the end of the financial year that are unpaid and arise when the entity becomes obliged to make future payments in respect of the purchase of these goods and services.

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in surplus or deficit when the liabilities are derecognised.

Non derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

##### **(j) Impairment of Assets**

At each reporting date, the aggregated entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where the asset does not generate cash flows that are independent from other assets, the entity estimates the recoverable amount of the cash generating unit to which the asset belongs.

Intangible assets with indefinite lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

##### **(k) Inventories**

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

##### **(l) Employee Benefits**

###### *Wages, Salaries and Annual Leave*

Liabilities for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date. They are calculated at undiscounted amounts based on remuneration wage and salary rates that the entity expects to pay as at reporting date including related on costs, such as workers compensation insurance.

## UNITING AGED CARE VICTORIA AND TASMANIA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

#### **1 Statement of Significant Accounting Policies (continued)**

##### **(l) Employee Benefits (continued)**

###### *Long-term Service Benefits*

The aggregated entity's net obligation in respect of long term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Governments bonds at the balance sheet date which have maturity dates approximating to the terms of the entities obligations.

##### **(m) 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 in income in the period in which they are incurred.

##### **(n) Income Tax**

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

##### **(o) Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

###### *Rendering of Services*

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

###### *Interest Income*

Interest revenue is recognised on an accruals basis taking into account the interest rates applicable to the financial assets.

###### *Government Grant*

Government Grant income is recognised on a cash receipts basis.

All other revenue is recognised when the right to receive the revenue has been established.

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

## **UNITING AGED CARE VICTORIA AND TASMANIA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

#### **1 Statement of Significant Accounting Policies (continued)**

##### **(p) 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 balance sheet are shown inclusive of GST.

##### **(q) Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the entity substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the surplus or deficit.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the entity will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term. Lease incentives are recognised in the income statement as an integral part of the total lease expense.

##### **(r) Resident Ingoings**

The operation of both the low care facilities and high care facilities are governed by the Aged Care Act 1997. The operations of the independent living units are governed by the Victorian Retirement Villages Act 1986 and the Tasmania Retirement Villages Act 2004.

Pursuant to the Aged Care Act residents of low level care may be required to lodge an accommodation bond, the value of which is subject to an asset means test. The value of these bonds are reported on an accruals basis. The Aged Care Act allows a provider to retain the interest earned from these bonds and to deduct a prescribed retention amount for a maximum of five years. These monies are reported in Note 2 as interest received and retentions respectively.

Entry contributions and related retentions received from residents of independent living units are treated in the same manner as accommodation bonds received from low care residents. The current cash holdings of entry contributions and accommodation bonds have been invested with the UCA Funds Management. UCAVT has established an investment structure to enable refunds of accommodation bonds and entry contributions to be met as required.

Accommodation bonds and entry contributions are treated as a financial liability with a demand feature and have been discounted from the date the entry contribution or accommodation bond is required to be paid.



## **UNITING AGED CARE VICTORIA AND TASMANIA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

#### **1 Statement of Significant Accounting Policies (continued)**

##### **(s) Income in Advance**

Revenue is recognised by drawing a distinction between the reciprocal and non reciprocal transactions in the treatment of the contribution of assets to the entity. A reciprocal transaction is deferred and reported as Income in Advance due to the non completion of the service at reporting date. A non reciprocal transaction is recognised as revenue when the entity gains control of the transfer.

##### **(t) Intangible Assets**

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with indefinite useful lives are not amortised. Bed licences have been recognised at Deemed Cost, as the Board of Governance is of the opinion that there is an active market for bed licenses, and have been assessed as having indefinite useful lives.

Intangible assets with finite useful lives are amortised over the useful life. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in surplus or deficit in the expense category consistent with the function of the intangible asset.

##### **(u) Comparative Figures**

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

# UNITING AGED CARE VICTORIA AND TASMANIA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 \$	2008 \$
<b>2 Revenue</b>			
Operating activities			
- Government contributions		73,991,155	72,164,947
- Resident/client fees		26,904,016	25,495,204
- Interest		5,626,071	5,486,985
- Property income		318,501	333,851
- Retentions and accommodation charges		5,349,249	5,088,174
- Donations, bequests, fundraising		1,338,250	3,872,506
- Other revenue		920,473	1,397,341
- Recognition of activated bed licences		930,000	-
Total Revenue from operating activities		<u>115,377,715</u>	<u>113,839,008</u>
<b>3 Surplus/(Deficit) from Ordinary Activities</b>			
<b>(a) Expenses</b>			
Finance Costs:			
Related entities		747,687	307,258
Total finance costs		<u>747,687</u>	<u>307,258</u>
Bad debts and impairment of debts			
Impairment of debts		-	79,393
Bad debts written off / (bad debts recovered)		3,705	25,751
Total bad debts and impairment of debts		<u>3,705</u>	<u>105,144</u>
Depreciation and amortisation of non-current assets			
Depreciation of property, plant and equipment		6,070,315	5,080,006
Amortisation of intangible assets		420,628	538,381
		<u>6,490,943</u>	<u>5,618,387</u>
Net loss on disposal of property plant and equipment		973,211	795,157
<b>4 Cash Assets</b>			
Cash on hand		25,550	27,540
Bank balances		3,269,348	5,580,121
		<u>3,294,898</u>	<u>5,607,661</u>
The effective interest rate on short-term bank deposits was 0.35% (2008: 0.35%); these deposits are at call.			
<b>5 Receivables</b>			
Trade receivables		4,867,403	8,333,489
Provision for impairment of receivables		(125,769)	(357,369)
		<u>4,741,634</u>	<u>7,976,120</u>
Other receivables		2,379,874	1,136,267
		<u>7,121,508</u>	<u>9,112,387</u>

# UNITING AGED CARE VICTORIA AND TASMANIA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### 5 Receivables (Continued)

Unsecured loans are made to related parties on an arm's length basis. No repayment terms are specified. Interest is charged at a rate commensurate with the deposit rate available from UCA Funds Management.

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The following basis has been used to assess the doubtful debt required for trade receivables:

- an individual account by account assessment based on past credit history; and
- any prior knowledge of debtor insolvency or other credit risk.

As at 30 June 2009, trade receivables with a carrying amount of \$12,799 (2008: \$48,279) for the entity were past due but not doubtful. These trade receivables are not considered doubtful as they comprise customers who were expected to pay shortly after balance date and are therefore considered recoverable.

An allowance has been made for estimated irrecoverable trade receivable amounts arising from the past provision of services, determined by reference to past default experience. During the current financial year, the allowance for doubtful debts decreased by \$231,600 (2008: \$304,356). This movement was recognised in the surplus or deficit for the year.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements. The entity does not hold any collateral as security over any receivable balance.

Refer to note 18 for more information on the risk management policy of the entity.

	Note	2009 \$	2008 \$
<b>6 Other financial assets</b>			
Available-for-sale:			
Investments with UCA Funds Management (at fair value)		47,241,786	35,099,596
Held to maturity:			
Deposits with UCA Funds Management (at amortised cost)		<u>28,912,415</u>	<u>38,458,584</u>
		<u>76,154,201</u>	<u>73,558,180</u>

Available-for-sale financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments.

### 7 Other Assets

Prepayments	915,432	1,019,767
Accrued income		
- Other	157,129	56,558
Other assets	<u>130,969</u>	<u>21,134</u>
	<u>1,203,529</u>	<u>1,097,459</u>

# UNITING AGED CARE VICTORIA AND TASMANIA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 \$	2008 \$
<b>8 Property Plant and Equipment</b>			
<b>LAND AND BUILDINGS</b>			
Freehold land			
At cost		25,417,307	25,417,307
Total freehold land		<u>25,417,307</u>	<u>25,417,307</u>
<b>Buildings</b>			
At cost		116,541,167	111,097,519
Less accumulated depreciation		(27,528,629)	(24,711,193)
Total buildings		<u>89,012,538</u>	<u>86,386,326</u>
<b>Total land and buildings</b>		<u>114,429,845</u>	<u>111,803,633</u>
<b>PLANT AND EQUIPMENT</b>			
Plant & Equipment			
At cost		13,786,016	12,748,946
Less accumulated depreciation		(8,818,996)	(8,029,689)
		<u>4,967,020</u>	<u>4,719,257</u>
<b>Motor Vehicles</b>			
At cost		1,157,249	1,096,400
Less accumulated depreciation		(749,833)	(656,956)
		<u>407,416</u>	<u>439,444</u>
<b>Computer Equipment</b>			
At cost		1,295,060	1,375,125
Less accumulated depreciation		(1,184,826)	(1,151,007)
		<u>110,234</u>	<u>224,118</u>
<b>Furniture, Fixtures and Fittings</b>			
At cost		6,168,921	6,021,522
Less accumulated depreciation		(4,159,525)	(3,897,396)
		<u>2,009,396</u>	<u>2,124,126</u>
<b>Capital Work in Progress</b>			
At cost		<u>3,769,048</u>	<u>24,928,310</u>
<b>Total plant &amp; equipment</b>		<u>11,263,114</u>	<u>32,435,254</u>
<b>Total property, plant and equipment</b>		<u>125,692,959</u>	<u>144,238,887</u>

# UNITING AGED CARE VICTORIA AND TASMANIA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### 8 Property Plant and Equipment (Continued)

#### (a) Movements in Carrying Amounts

	Freehold land \$	Buildings \$	Plant & equipment \$	Motor vehicles \$
<b>2009</b>				
Balance at the beginning of year	25,417,307	86,386,326	4,719,257	439,444
Additions	-	84,839	528,092	139,731
Disposals	-	(1,916,484)	(49,093)	(22,879)
Depreciation expense	-	(3,526,081)	(1,096,904)	(148,880)
Transfers	-	7,983,938	865,668	-
Carrying amount at the end of year	<u>25,417,307</u>	<u>89,012,538</u>	<u>4,967,020</u>	<u>407,416</u>
	Furniture, fixtures & fittings \$	Computer equipment \$	Capital Work in Progress \$	Total \$
<b>2009</b>				
Balance at the beginning of year	2,124,126	224,118	24,928,310	144,238,887
Additions	228,421	6,699	7,409,318	8,397,100
Disposals	(7,641)	(71,223)	(373,913)	(2,441,233)
Depreciation expense	(338,611)	(155,743)	-	(5,266,219)
Transfers	3,101	106,383	(28,194,667)	(19,235,576)
Carrying amount at the end of year	<u>2,009,396</u>	<u>110,234</u>	<u>3,769,048</u>	<u>125,692,959</u>
	Freehold land \$	Buildings \$	Plant & equipment \$	Motor vehicles \$
<b>2008</b>				
Balance at the beginning of year	25,417,307	84,110,034	4,863,112	700,197
Additions	-	592,879	914,791	113,273
Disposals	-	(755,785)	(100,448)	(58,389)
Depreciation expense	-	(3,472,432)	(783,896)	(136,899)
Transfers	-	5,911,630	(174,302)	(178,738)
Carrying amount at the end of year	<u>25,417,307</u>	<u>86,386,326</u>	<u>4,719,257</u>	<u>439,444</u>
	Furniture, fixtures & fittings \$	Computer equipment \$	Capital Work in Progress \$	Total \$
<b>2008</b>				
Balance at the beginning of year	1,920,549	342,810	13,007,114	130,361,123
Additions	305,147	61,627	17,919,379	19,907,095
Disposals	(31,815)	(2,888)	-	(949,325)
Depreciation expense	(407,945)	(278,834)	-	(5,080,006)
Transfers	338,190	101,403	(5,998,183)	-
Carrying amount at the end of year	<u>2,124,126</u>	<u>224,118</u>	<u>24,928,310</u>	<u>144,238,887</u>

# UNITING AGED CARE VICTORIA AND TASMANIA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 \$	2008 \$
<b>9 Investment Property</b>			
<b>Investment Properties</b>			
At cost		36,073,970	19,036,341
Less accumulated depreciation		(4,961,657)	(4,157,217)
		<u>31,112,313</u>	<u>14,879,124</u>
<b>(a) Movements in Carrying Amounts</b>			
Carrying amount at the beginning of the year		14,879,124	13,568,312
Acquisitions		75,910	1,856,061
Disposals		-	-
Transfers in/(out)		16,961,270	-
Depreciation expense		(803,991)	(545,248)
Write-offs		-	-
Carrying amount at the end of the year		<u>31,112,313</u>	<u>14,879,124</u>
<b>10 Intangible Assets</b>			
Bed licenses at deemed cost		<u>55,523,470</u>	<u>54,770,170</u>
Software development costs			
- at cost		3,425,852	2,479,993
- less accumulated amortisation		(1,438,506)	(1,005,734)
		<u>1,987,346</u>	<u>1,474,259</u>
		<u>57,510,816</u>	<u>56,244,429</u>

# UNITING AGED CARE VICTORIA AND TASMANIA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### 10 Intangible Assets (continued) (a) Movements in Carrying Amounts

	Bed licenses \$	Software development costs \$	Total \$
<b>Gross carrying amount</b>			
Balance at 1 July 2007	54,020,170	1,843,829	55,863,999
Additions	750,000	636,164	1,386,164
Balance at 30 June 2008	54,770,170	2,479,993	57,250,163
Transfers from property, plant & equipment	930,000	941,968	1,871,968
Additions	(176,700)	3,891	(172,809)
Balance at 30 June 2009	55,523,470	3,425,852	58,949,322
<b>Accumulated amortisation and impairment</b>			
Balance at 1 July 2007	-	467,353	467,353
Amortisation expense	-	538,381	538,381
Balance at 30 June 2008	-	1,005,734	1,005,734
Transfer from property, plant & equipment	-	12,144	12,144
Amortisation expense	-	420,628	420,628
Balance at 30 June 2009	-	1,438,506	1,438,506
<b>Net book value</b>			
As at 30 June 2008	54,770,170	1,474,259	56,244,429
As at 30 June 2009	55,523,470	1,987,346	57,510,816

#### Revaluation of bed licenses

The entity engaged Eccles Realty and Nelson Partners, both accredited valuers, to determine the fair value of its bed licenses. Fair value was determined directly by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. The effective date of the revaluation was 1 July 2004. The bed licenses are held at 30 June 2009 at Deemed Cost.

#### Software development costs

Development costs have been capitalised at cost. This intangible asset has been assessed as having a finite life and is amortised using the straight line method over a period of 5 years. If an impairment indicator arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

# UNITING AGED CARE VICTORIA AND TASMANIA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 \$	2008 \$
<b>11 Trade and Other Payables</b>			
<b>CURRENT</b>			
Unsecured liabilities			
Trade payables		2,140,547	2,774,929
Sundry creditors and accrued expenses		4,090,664	2,670,806
Deferred income		11,000	341,249
Amounts payable to:			
- Uniting Church of Australia		1,064,237	981,811
		<u>7,306,448</u>	<u>6,768,795</u>
<b>NON-CURRENT</b>			
Unsecured liabilities			
Amounts payable to:			
- UCA Funds Management		-	23,760
		<u>-</u>	<u>23,760</u>
<p>Trade creditors and other creditors are non interest bearing liabilities. Trade creditor payments are processed once they have reached 30 days from the date of invoice for electronic funds transfer payments or cheque payment or 30 days from the end of the month of invoice for other payments. No interest is charged</p> <p>All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.</p>			
<b>12 Employee Benefits</b>			
<b>CURRENT</b>			
Employee benefits		10,018,474	9,799,281
		<u>10,018,474</u>	<u>9,799,281</u>
<b>NON-CURRENT</b>			
Employee benefits		915,046	872,031
		<u>915,046</u>	<u>872,031</u>
<b>13 Resident Ingoings</b>			
<b>CURRENT</b>			
Deferred income & refundable grants		-	13,434
Resident ingoings & contributions		98,670,306	88,007,921
		<u>98,670,306</u>	<u>88,021,355</u>



# UNITING AGED CARE VICTORIA AND TASMANIA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 \$	2008 \$
<b>14 Reserves and Retained Earnings</b>			
Retained earnings		<u>162,109,411</u>	<u>168,855,053</u>
		162,109,411	168,855,053
Asset revaluation reserve		1,693,803	1,693,803
Community development reserve		113,411	194,430
Capital replacement reserve		24,883	24,883
Capital contributions - accommodation charges reserve		1,354,335	1,354,335
Government capital grants reserve		260,383	260,383
General reserve		15,394,415	22,640,709
Specific reserves		<u>4,229,310</u>	<u>4,229,310</u>
		23,070,540	30,397,853
		<u>185,179,951</u>	<u>199,252,906</u>
<i>Retained earnings</i>			
Movements in retained earnings were as follows:			
Balance at 1 July 2008		168,855,053	167,760,742
Net surplus/(deficit) for the year		(6,826,663)	891,565
Transfer from/(to) community development reserve		81,021	118,370
Transfer from capital replacement reserve		-	30,650
Transfer from/(to) building/development funds reserve		-	84,267
Transfer to DGR Funds reserve		-	(30,542)
Balance at 30 June 2009		<u>162,109,411</u>	<u>168,855,053</u>
<i>Community development reserve</i>			
At 1 July 2008		194,432	312,802
Transfer from/(to) Retained Earnings		<u>(81,021)</u>	<u>(118,370)</u>
As at 30 June 2009		<u>113,411</u>	<u>194,432</u>
<i>Capital replacement reserve</i>			
At 1 July 2008		24,883	33,588
Transfer from liability - capital replacement provision		-	21,945
Transfer to retained earnings		-	(30,650)
As at 30 June 2009		<u>24,883</u>	<u>24,883</u>

# UNITING AGED CARE VICTORIA AND TASMANIA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 \$	2008 \$
<b>14 Reserves and Retained Earnings (continued)</b>			
<i>General reserves</i>			
At 1 July 2008		22,640,706	26,070,594
Increase/(decrease) in market value of available-for-sale investments		(7,246,291)	(5,348,630)
Transfer from DGR Funds Reserve		-	896,175
Transfer from Buildings/Development Fund Reserve		-	1,022,567
As at 30 June 2009		<u>15,394,415</u>	<u>22,640,706</u>

The general reserve includes cumulative fair value changes on available-for-sale investments until the investment is derecognised.

### *Specific Reserves*

At 1 July 2008	4,229,310	957,151
Transfer from DGR Funds reserve	-	3,272,159
As at 30 June 2009	<u>4,229,310</u>	<u>4,229,310</u>

The Specific Reserve records amounts that have been set aside to fund specific items or projects.

# UNITING AGED CARE VICTORIA AND TASMANIA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 \$	2008 \$
<b>15 Auditor's Remuneration</b>			
Remuneration of the auditor of the aggregated entity for:			
- Auditing the financial reports		95,000	80,000
- Preparation of financial reports		14,000	14,000
- Audit of acquittals		9,500	9,500
- Indirect taxation advice		-	17,100
- Consulting engagements in relation to preparation of Business Plans		-	22,775
		<u>118,500</u>	<u>143,375</u>

## 16 Cash Flow Information

### (a) Reconciliation of cash

Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

Cash on hand	25,550	27,540
Cash at bank	<u>3,269,348</u>	<u>5,580,121</u>
	<u>3,294,898</u>	<u>5,607,661</u>

### (b) Reconciliation of Cash Flow from Operations with Surplus from Ordinary Activities after Income Tax

Net surplus/(defecit) for the period	(6,826,663)	891,565
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Adjustments for:

Non cash flows in surplus from ordinary activities		
Depreciation & amortisation	6,490,943	5,618,387
Net (gain) / loss on disposal of property, plant and equipment	-	795,157
Acquisition of bed licences (net)	(753,300)	(750,000)
Income transferred from reserves	-	98,697
Receipt of head office net assets from Uniting Church Synod	-	-
Changes in assets and liabilities:		
(Increase) in trade and other receivables and accrued income	1,780,473	(1,293,196)
(Increase)/decrease in prepayments	104,334	(517,153)
Decrease in inventories	-	73,277
Increase/(decrease) in trade payables and accruals	785,473	(410,979)
Increase in trade payable to UCA Funds Management	58,666	981,811
Increase in deferred income	(343,682)	32,446
Increase in provisions	<u>262,208</u>	<u>740,242</u>
Net cash from operating activities	<u>1,558,453</u>	<u>6,260,254</u>

## 17 Entity Details

### Registered office

The registered office of the entity is:

Uniting Aged Care Victoria and Tasmania  
130 Little Collins Street  
Melbourne Vic 3000

## UNITING AGED CARE VICTORIA AND TASMANIA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

#### 18 Financial Risk Management

##### (a) Financial Risk Management Policies

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

The main purpose for non derivative financial instruments is to finance the ongoing operations of the aggregated entity.

Uniting Aged Care Victoria and Tasmania does not have any derivative financial instruments at 30 June 2009.

##### (i) Treasury Risk Management

A Finance Committee consisting of members of the Board of Governance and senior executives of the entity meet on a regular basis to analyse financial risk exposure and to evaluate management strategies in the context of the most recent economic conditions and forecasts. The committee's overall risk management strategy seeks to assist the entity in meeting its financial targets, whilst minimising potential adverse effects on financial performance. The Finance Committee operates under policies approved by the Board. Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

##### (ii) Financial Risk Exposures and Management

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

###### *Interest rate risk*

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. For further details on interest rate risk refer to Note 18(b).

###### *Foreign exchange risk*

The entity is not exposed to fluctuations in foreign currencies.

###### *Liquidity Risk*

The entity manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained, and ensuring legislative requirements are met regarding liquidity of accommodation bonds held.

###### *Credit risk*

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. In the case of entry contribution and accommodation bond debtors, the maximum exposure to credit risk is the carrying amount of uncollected periodic retentions and accumulated interest.

The entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the entity.

###### *Price risk*

The entity is not exposed to any material commodity price risk.

## UNITING AGED CARE VICTORIA AND TASMANIA

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

## 18 Financial Risk Management (Continued)

**(b) Financial Instruments composition and maturity analysis**

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice.

	Weighted Average Effective Interest Rate		Fixed Interest Rate Maturing Within 1 year		Floating interest rate	
	2009	2008	2009	2008	2009	2008
	%	%	\$ '000	\$ '000	\$ '000	\$ '000
<b>Financial assets</b>						
<i>Current</i>						
Cash	0.35%	0.35%	-	-	3,295	5,580
Receivables	11.75%	11.75%	-	-	9,367	7,653
Other receivables	-	-	-	-	233	-
Available for sale financial assets	-	-	-	-	-	-
Held to maturity financial assets	7.00%	7.00%	-	-	47,242	39,039
			-	-	60,137	52,273

### Financial liabilities

*Current*

Trade and sundry payables	-	-	-	-	-	-
Amount payable to UCA Funds Management	-	-	-	-	-	-
			-	-	-	-

	Non Interest Bearing		Total	
	2009	2008	2009	2008
Financial assets	\$ '000	\$ '000	\$ '000	\$ '000
<i>Current</i>				
Cash	26	28	3,321	5,608
Receivables	(4,373)	503	4,994	8,156
Other receivables	2,128	1,955	2,361	1,955
Available for sale financial assets	28,912	34,519	28,912	34,519
Held to maturity financial assets	-	-	47,242	39,039
	26,693	37,004	86,830	89,277

## Financial liabilities

*Current*

Trade and sundry payables	6,263	6,785	6,263	6,785
Amount payable to UCA Funds Management	1,064	982	1,064	982
Resident ingoings	98,670	88,008	98,670	88,008
	105,997	95,775	105,997	95,775

Trade and other payables are expected to be paid within 3 months.

## UNITING AGED CARE VICTORIA AND TASMANIA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

#### 18 Financial Risk Management (Continued)

##### (c) Net fair values

Fair values are materially in line with carrying values.

The net fair values of listed investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying values. No financial assets or financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the entity intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

##### (d) Sensitivity Analysis

The entity has performed a sensitivity analysis relating to its exposure to interest rate risk and other price risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

##### Interest Rate Risk Sensitivity Analysis

At 30 June 2009, the effect on surplus or deficit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Change in surplus or deficit		Change in equity	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
- Increase in interest rate by 1%	601	523	601	523
- Decrease in interest rate by 1%	-601	-523	-601	-523

# UNITING AGED CARE VICTORIA AND TASMANIA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 \$	2008 \$
<b>19 Capital and Leasing Commitments</b>			
<b>Capital expenditure commitments contracted for:</b>			
- redevelopment of properties			
- less than 12 months		30,361,000	20,657,832
- greater than 12 months		31,752,000	44,992,168
		<u>62,113,000</u>	<u>65,650,000</u>

## **20 Contingent Liabilities**

The members of the Board of Governance are not aware of any material contingent liabilities that exist at 30 June 2009 (2008: none).

## UNITING AGED CARE VICTORIA AND TASMANIA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

#### 21 Related Party Transactions

##### (a) Uniting Church in Australia Synod of Victoria and Tasmania

Interest was received, on normal commercial terms, by the aggregated entity of \$2,661,555 (2008: \$5,935,440) from UCA Funds Management, a division of the Synod. This interest was received in relation to deposits held on behalf of the aggregated entity (as disclosed in Note 7). At balance date, \$nil (2008: \$nil) was included in accrued income (refer note 8).

Interest was paid, by the aggregated entity, on normal commercial terms, of \$nil (2008: \$307,258) to UCA Funds Management. This interest was paid in relation to cash advanced to the aggregated entity (as disclosed in Note

##### (b) Russell Kennedy

Legal fees of \$106,963 (2008: \$30,917) were paid to Russell Kennedy on normal commercial terms. Ms L Pallot and Ms P Davey, members of the Board of Governance, and Mr V Harcourt, a member of the Quality and Safety Committee, are Partners of this firm.

##### (c) Ernst & Young

Liquidation fees of \$nil (2008: \$5,874) were paid to Ernst and Young on normal commercial terms. Ms Fiona Campbell, who is a member of a subcommittee of the Board of Governance, is a Partner of this firm.

##### (d) Department of Health and Ageing

Payments of \$nil (2008: \$314,275) were made to the Department of Health and Ageing on normal commercial terms. A/Prof Sally Garratt, is a member of a subcommittee of the Board of Governance and is Nursing Advisor

##### (e) Council of the Ageing Victoria

Conference services of \$310 (2008: \$645) were purchased from Council of the Ageing on normal commercial terms. Mrs Janet Wood, a member of a subcommittee of the Board of Governance, is the Chair of this

##### (f) LaTrobe University

Conference services of \$85,498 (2008: \$680) were purchased from La Trobe University on normal commercial terms. Dr Gerry Naughtin, is a member of the Board of Governance and is the Assoc Professor, School of Social Work & Social Policy at La Trobe University.

##### (g) McCarthy Psychology Services

Psychology services of \$4,834 (2008: \$15,991) were purchased from McCarthy Psychology Services on normal commercial terms. Mr Bernie McCarthy, a member of a sub-committee of the Board of Governance, is a Director of this firm.

##### (h) Proactive Complaints Management

Complaints management services of \$23,396 (2008: \$5,236) were purchased from Proactive Complaints Management on normal commercial terms. Mr Bernie McCarthy, a member of a sub-committee of the Board of

##### (i) Eastern Health

Conference services of \$nil (2008: \$1,134) were purchased from Eastern Health on normal commercial terms. Dr Peter Lynch, a member of the Board of Governance, is a Clinical Director, Aged Care Rehabilitation Program for this organisation.



# UNITING AGED CARE VICTORIA AND TASMANIA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	\$	\$
<b>22 Key management personnel disclosures</b>		
<b>(a) Transactions with key management personnel</b>		
The key management personnel compensation included in 'employee expenses' are as follows:		
Short-term employee benefits	1,479,927	1,635,102
Post-employment benefits	402,190	159,671
Termination benefits	115,237	19,808
	<u>1,997,354</u>	<u>1,814,581</u>

### 23 Segment Information

Segment information is presented in respect of the entities business and geographical segments. Business segments is based on the entities management and internal reporting structure.

Inter-segment pricing is determined on an arm's length's basis.

Segment results, asset and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

The entity trades predominantly within the Australian geographic region.

# UNITING AGED CARE VICTORIA AND TASMANIA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### 23 Segment Information (Continued)

The entity has the following three business segments

- Residential division provides low care and high care accommodation to residents.
- Non Residential division provides a range of community care services and independent living units.
- Corporate division represents assets used in both the Residential division and Non Residential division that are unable to be effectively allocated over the two segments.

	Residential		Non-residential		Corporate		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
<b>REVENUE</b>								
External Sales	91,474,392	89,165,000	21,080,083	19,815,223	2,823,240	4,764,883	115,377,715	113,745,106
Other segments		63,222		30,680			-	93,902
Total Segment Revenue	91,474,392	89,228,222	21,080,083	19,845,903	2,823,240	4,764,883	115,377,715	113,839,008
Total Revenue from ordinary activities							115,377,715	113,839,008
<b>RESULT</b>								
Segment result	(6,857,917)	(2,379,635)	(164,093)	2,209,937	195,347	1,061,263	(6,826,663)	891,565
Unallocated expenses							-	-
Surplus or deficit from ordinary activities before income tax expense							(6,826,663)	891,565
Surplus or deficit from ordinary activities after income tax expense							(6,826,663)	891,565
Net surplus or deficit							(6,826,663)	891,565
<b>ASSETS</b>								
Segment assets	194,656,491	194,421,323	65,462,700	70,777,574	38,013,877	36,441,894	298,133,068	301,640,791
Unallocated assets							3,957,157	3,097,336
Total Assets							302,090,225	304,738,127
<b>LIABILITIES</b>								
Segment liabilities	75,489,613	71,891,367	32,335,201	25,600,263	5,826,260	4,351,420	113,651,074	101,843,050
Unallocated liabilities							3,279,200	3,642,173
Total liabilities							116,930,274	105,485,223
<b>OTHER</b>								
Acquisition of non-current segment assets	11,064,452	5,502,442	19,046,906	254,654	3,705,824	3,618,694	33,817,182	9,375,790
Depreciation and amortisation of segment assets	4,489,338	6,516,945	1,483,787	1,880,458	518,162	768,279	6,491,287	9,165,682

### 24 Events After the Balance Sheet Date

- Uniting Aged Care closed the Marivale residential service (effective from 16 July) and the Bodalla residential service (effective from 31 July). All residents were transferred to suitable alternative accommodation. Uniting Aged Care has not finalised decisions on the future use of these properties and hence has not yet quantified the financial effect of these decisions nor included any values in the financial report at 30 June 2009;

- Uniting Aged Care signed an agreement on 14 September 2009 with ADCO Constructions (Vic) Pty Limited to participate in the development of an aged care complex at Kingsville. The total value of the project will be \$36,166,295. The financial effects of this development will be included in future year's financial reports.

UNITING AGED CARE VICTORIA AND TASMANIA

STATEMENT BY THE BOARD OF GOVERNANCE

The Board of Governances declares that:

1. The attached financial statements and notes thereto, 1 to 24

(a) Comply with Accounting Standards

(b) Give a true and fair view of the financial position as at 30 June 2009 and of the performance for the financial year ended on that date of the aggregated entity;

2. In the Board of Governances' opinion there are reasonable grounds to believe that the aggregated entity will be able to pay its debts as and when they become due and payable.

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

Board  
Members



Dr Alan Wilkinson, Chairperson

Board  
Members



Mr Joe Dicks

Dated this 27~~th~~ day of October 2009



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## **Independent Auditor's Report**

### **To the Victorian and Tasmanian Synod of The Uniting Church in Australia**

#### **Report on the Financial Report**

We have audited the accompanying financial report of Uniting Aged Care Victoria & Tasmania, (the aggregated entity) which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the statement by the Board of Governance of the aggregated entity.

#### **Board of Governance responsibility for the financial report**

The Board of Governance of the aggregated entity is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations). 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Governance, 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 opinions.

### **Independence**

In conducting our audit, we complied with applicable independence requirements of Australian ethical pronouncements.

### **Auditor's opinion**

In our opinion:

- a the financial report of Uniting Aged Care Victoria & Tasmania is in accordance with the Australian Accounting Standards, including:
  - i giving a true and fair view of the aggregated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations).



GRANT THORNTON  
Chartered Accountants



B. L. Taylor  
Partner

Dated this 28<sup>th</sup> day of October 2009

Melbourne, Australia