



Uniting Aged Care Victoria
and Tasmania
Annual Report
30 June 2010

Board of Governance Report

Your members of the Board of Governance present their report on the entity for the financial year ended 30 June 2010.

Board of Governance

The name 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
Rev Rob Brown
Dr Cathy Balding
Mr Joe Dicks
Ms Beth Horsfield
Mr Victor Harcourt
Ms Karen Janiszewski
Ms Jill Linklater
Dr Gerry Naughtin
Ms Libby Pallot
Mr Richard Price
Mr Ken Tabart
Mr Allan Thompson
Rev Dr Peter Blackwood

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.

Principal activities

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

Entity's Short-term Objectives

The entity's short-term objectives are to :

- * Support older people to live independently in their own home;
- * Connect older people with programs and activities of interest in their communities;
- * Offer independent retirement living for older people downsizing their homes; and
- * Provide complex and residential care for those who need this level of support.

Entity's Long-term Objectives

The entity's long-term objectives are to :

- * Progressively build an integrated service system that makes it easy for older people to access the support they need, wherever and whenever it is needed;
- * Apply the principles of consumer-directed care and Active Service Model to our services and approaches;
- * Develop services to maintain and restore lifestyles and wellbeing in older people ; and
- * Create age-friendly local communities.

Board of Governance Report

Strategies

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

- * Improving existing services - integrating our current services into regional groupings, ensuring compliance, improving quality and the client experiences of our services, and applying ongoing improvement processes across all services;
- * Developing our workforce - attracting new people to work in aged care, developing the skills and capabilities of current staff, building leadership throughout the organisation and creating an enabling and positive culture in our workforce;
- * Approaching everybody as a contributor - promoting volunteering, educating communities about the benefits to their own health and well-being, and encouraging clients and communities to recognise and use their assets (or strengths);
- * Working in partnership - recognising that UAC cannot be everything to everybody, developing mutually beneficial arrangements with others who can add value to our system, making tools and resources widely available to community partners;
- * Advocating for better approaches - working with governments and regulators to make funding more responsive to real needs, piloting new approaches to delivering support, undertaking research to advance knowledge and standing up for vulnerable and disadvantaged older people in our communities;
- * Developing communities - building capacity in local communities to enable them to provide more receptive environments for older people, creating support networks and communities of interest and working with local communities in delivering appropriate services and resources for older people;
- * Providing resources to enable independence - providing information and self-help guides for chronic conditions, investigating and offering technology that enhances wellbeing or quality of life, and promoting rest-of-life planning (e.g. advanced medical directives, wills, assets, etc) for physical, emotional and financial security and well-being.

Information on Board Members

Dr Alan Wilkinson	<p>Chairperson</p> <ul style="list-style-type: none"> - Qualifications - Bachelor of Engineering, Bachelor of Arts (History & Politics), Doctor of Philosophy (International Relations), AICD Company Directors Course Diploma - Board member since 2007 - Dr Wilkinson attends all Board sub-committees
Dr Cathy Balding	<ul style="list-style-type: none"> - Qualifications - PhD (Business Administration), Master of Business (Health Administration), Associate Diploma, Medical Record Administration - Board member since March 2010 - Dr Balding is Chairperson of the Quality and Safety sub-committee

Board of Governance Report

Mr Joe Dicks	<ul style="list-style-type: none"> - Qualifications - Bachelor of Commerce, Postgraduate Diploma in Accountancy, Chartered Accountant, Registered Auditor, Certified Fraud Examiner - Board member since July 2004 - Mr Dicks is Chairperson of the Finance Committee and a member of the Audit & Risk Committee
Ms Beth Horsfield	<ul style="list-style-type: none"> - Qualifications - Graduate Diploma of Adult Education & Training, Bachelor of Arts (Social Science), AICD Company Directors Course Diploma - Board member since 2006. Resigned October 2009 - Ms Horsfield was chairperson of the Remuneration & Nomination Committee
Mr Victor Harcourt	<ul style="list-style-type: none"> - Qualifications - Bachelor of Commerce, Bachelor of Laws, Master of Health and Medical Law - Interim Board member during leave of absence for Ms Pallot from September 2009 to August 2010
Ms Karen Janiszewski	<ul style="list-style-type: none"> - Qualifications - Bachelor of Applied Science in Building Technology, Graduate Diploma in Property Development Management, Graduate Diploma in Project Management, AICD Company Directors Course Diploma - Board member since July 2004 - Ms Janiszewski is a member of the Property & Development Committee
Ms Jill Linklater	<ul style="list-style-type: none"> - Qualifications - Master of Health Administration, Emergency Community (Health) Planning Certificate Canada, Bachelor of Science in Nursing, Registered Midwifery Certificate, Registered Nurse Certificate, Secretarial Diploma - Board member since March 2010 - Ms Linklater is a member of the Quality & Safety committee and Remuneration & Nominations Committee
Dr Gerry Naughtin	<ul style="list-style-type: none"> - Qualifications - Bachelor of Arts, Bachelor of Social Work (Hons), Doctor of Philosophy - Board member since 2007. Resigned November 2009 - Dr Naughtin was Chair of the Quality & Safety Committee
Ms Libby Pallot	<ul style="list-style-type: none"> - Maternity leave from September 2009 to August 2010 - Qualifications - Bachelor of Arts, Bachelor of Laws with Honours, AICD Company Directors Course Diploma - Board member since 2006 - Ms Pallot is a member of the Remunerations & Nomination sub-committee

Board of Governance Report

Mr Richard Price	<ul style="list-style-type: none"> - Qualifications - Bachelor of Commerce (Marketing) - Board member since 2007 - Mr Price is a member of the Finance Committee
Mr Ken Tabart	<ul style="list-style-type: none"> - Qualifications - CP Eng, FIEAust, AICD Company Directors Course Diploma - Board member since July 2004 - Mr Tabart is Chairperson of the Property & Development Committee
Mr Allan Thompson	<ul style="list-style-type: none"> - Qualifications - Bachelor of Arts, Bachelor of Divinity, AICD Company Directors Course Diploma - Board member since 2008 - Mr Thompson is a member of the Audit & Risk and Property & Development Committees
Rev Rob Brown	<ul style="list-style-type: none"> Synod General Secretary (ex officio) - Qualifications - Master of Social Science (Development Studies), Bachelor of Arts, Bachelor of Theology (Hons), Diploma of Education and Diploma of Pastoral Studies - Board member since 2006
Rev Dr Peter Blackwood	<ul style="list-style-type: none"> Synod Associate General Secretary - Qualifications - Diploma Teachers Guild, Bachelor of Arts, Bachelor of Divinity, Mmin, DMinSts - Board member since January 2009 (Alternate Member)

Meetings of Members

During the financial year 10 meetings of Board Members were held. Attendance by each Board Member was as follows -

	No eligible to attend	Board Meetings	Number attended
Dr Alan Wilkinson	10		8
Dr Cathy Balding	4		3
Mr Joe Dicks	10		9
Ms Beth Horsfield	4		3
Mr Victor Harcourt	8		1
Ms Karen Janiszewski	10		8
Ms Jill Linklater	4		3
Dr Gerry Naughtin	5		1
Ms Libby Pallot	2		1
Mr Richard Price	10		7
Mr Ken Tabart	10		9
Rev Allan Thompson	10		10
Rev Rob Brown	10		7
Rev Dr Peter Blackwood	1		1

Board of Governance Report

The entity is an unincorporated association operating as an agency of the Uniting Church in Australia to which the Uniting Church in Australia Property Trust (Victoria) and the Uniting Church in Australia Property Trust (Tas) hold legal title.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2010 has been received and can be found on page 7 of the financial report.

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



Mr Alan Wilkinson
Chairman



Mr Joe Dicks
Board Member

Dated this 28 day of September 2010

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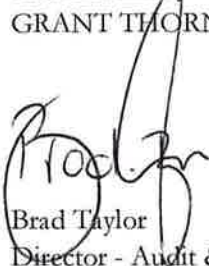
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**Auditor's Independence Declaration
To the Victorian & Tasmanian Synod of the Uniting Church in Australia**

As lead auditor for the audit of Uniting Aged Care Victoria & Tasmania for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of auditor independence requirements in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

Yours faithfully
GRANT THORNTON AUDIT PTY LTD



Brad Taylor
Director - Audit & Assurance Services

Melbourne,

Dated this 29th day of September 2010

Income Statement

for the year ended 30 June 2010

	Note	2010 \$	2009 \$
Revenue	2	111,964,941	115,885,053
Other Income	2	6,846,276	-
Care expenses		67,993,246	71,005,654
Hotel expenses		18,699,722	22,162,183
Administrative expenses		15,896,632	18,729,982
Costs associated with the write off of infrastructure at closed facilities		-	1,324,258
Finance costs		266,422	1,025,844
Other expenses		10,065,046	8,772,378
Surplus before income tax		5,890,149	(7,135,246)
less: Income tax expense	1	-	-
Surplus / (deficit) for the year		5,890,149	(7,135,246)

The accompanying notes form part of these financial statements.

Statement of Comprehensive Income

for the year ended 30 June 2010

	Note	2010 \$	2009 \$
Surplus / (deficit) for the year		5,890,149	(7,135,246)
Other comprehensive income:			
Available-for-sale financial assets			
- current year gains/(losses)		1,137,712	(7,246,291)
Other comprehensive income for the year, net of income tax		1,137,712	(7,246,291)
Total comprehensive income for the year		7,027,862	(14,381,537)

Statement of Financial Position

as at 30 June 2010

	Note	2010 \$	2009 \$
Current assets			
Cash and cash equivalents	4	1,105,510	3,320,448
Trade and other receivables	5	7,777,042	7,121,508
Financial assets	6	84,641,564	76,154,201
Other current assets	7	1,897,967	1,114,245
Total current assets		95,422,083	87,710,402
Non-current assets			
Property, plant and equipment	8	133,985,609	123,230,191
Investment property	9	28,038,637	34,043,951
Intangible assets	10	55,285,769	57,510,816
Other non current assets		135,000	68,745
Total non-current assets		217,445,015	214,853,703
Total assets		312,867,098	302,564,105
Current liabilities			
Trade and other payables	11	7,741,929	7,336,465
Provisions	12	8,974,018	10,018,473
Resident ingoings	13	101,417,130	98,670,306
Total current liabilities		118,133,077	116,025,244
Non-current liabilities			
Provisions	12	2,082,345	915,046
Total non-current liabilities		2,082,345	915,046
Total liabilities		120,215,422	116,940,290
Net assets		192,651,677	185,623,815
Equity			
Reserves	14	21,100,963	23,070,540
Retained earnings		171,550,713	162,553,275
Total equity		192,651,677	185,623,815

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the year ended 30 June 2010

	Notes	Reserves \$	Retained Earnings \$	Total \$
Balance at 1 July 2008		30,397,852	169,607,500	200,005,352
Total comprehensive income/ (loss) for the year		(7,246,291)	(7,135,246)	(14,381,537)
Transfers		(81,021)	81,021	-
Balance at 30 June 2009	14	23,070,540	162,553,275	185,623,815
Balance at 1 July 2009		23,070,540	162,553,275	185,623,815
Total comprehensive income/ (loss) for the year		1,137,712	5,890,149	7,027,862
Transfers		(3,107,289)	3,107,289	-
Balance at 30 June 2010	14	21,100,963	171,550,713	192,651,677

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the year ended 30 June 2010

	Note	2010 \$	2009 \$
Cash flows from operating activities			
Receipts from customers		34,513,602	36,728,297
Receipts from government Funding		72,642,863	73,991,155
Donations, bequests and fundraising		1,148,971	1,338,250
Payments to suppliers and employees		(107,917,863)	(113,262,653)
Interest received		4,578,466	6,133,408
Interest paid		(233,134)	(1,025,844)
Net cash provided by (used in) operating activities	15(b)	4,732,905	3,902,613
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		10,509,472	101,503
Receipts from/(payments for) deposits with UCA Funds Management		(5,809,135)	(8,202,687)
Payments for available for sale assets with UCA Funds Management		(1,540,516)	(1,639,625)
Purchase of property, plant and equipment		(17,357,027)	(6,766,733)
Purchase of intangible asset - software		(680,783)	(3,891)
Proceeds from sale of bed licences		1,704,793	-
Payment for investment properties		3,478,529	(75,910)
Net cash provided by (used in) investing activities		(9,694,667)	(16,587,343)
Cash flows from financing activities			
Net receipts from (payments for) resident ingoing contributions		2,746,824	10,648,953
Loan funds received from/(advanced to) Uniting Aged Care Tasmania		-	(251,437)
Net cash provided by (used in) financing activities		2,746,824	10,397,516
Net change in cash and cash equivalents held		(2,214,938)	(2,287,213)
Cash and cash equivalents at beginning of financial year		3,320,448	5,607,661
Cash and cash equivalents at end of financial year	15(a)	1,105,510	3,320,448

The accompanying notes form part of these financial statements.

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Notes to the financial statements

for the year ended 30 June 2010

1. Statement of significant accounting policies

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 (UACV&T) as an aggregated entity. UACV&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) is constituted as a corporation pursuant to the provision of the Uniting Church in Australia Act 1997 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 Board of Governance on 28 September 2010.

Basis of preparation

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

Third statement of financial position

Two comparative periods are presented for the statement of financial position when the aggregated entity:

- i Applies an accounting policy retrospectively,
- ii Makes a retrospective restatement of items in its financial statements, or
- iii Reclassifies items in the financial statements.

We have determined that only one comparative period for the statement of financial position was required for the current reporting period as the application of the new accounting standards have had no material impact on the previously presented primary financial statements that were presented in the prior year financial statements. We have however included a Correction of error disclosure, presented on pages 22-23.

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.

Notes to the financial statements

for the year ended 30 June 2010

1. Statement of significant accounting policies (continued)

Adoption of new and revised accounting standards

In the current year, the aggregated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period.

The 2009 comparatives contained in these financial statements therefore differ from those published in the financial statements for the year ended 30 June 2009 as described below.

Significant effects on current, prior or future periods arising from the first-time application of the standards discussed above in respect of presentation, recognition and measurement of accounts are described in the following notes.

Adoption of AASB 101 Presentation of Financial Statements (revisions), AASB 2007-8 and 2007-10

The aggregated entity has adopted the revisions to AASB 101 Presentation of Financial Statements in these financial statements which has resulted in the introduction of the statement of comprehensive income, changes to the statement of changes in equity, and other terminology changes.

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 2010 reporting periods but contain an option for early adoption.

The aggregated 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 aggregated entity for the year ended 30 June 2010 and accordingly they have not been adopted early.

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 centers, CACP, EACH, EACHD, NRCP) and Independent Living Units across Victoria and Tasmania.

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

Notes to the financial statements

for the year ended 30 June 2010

1. Statement of significant accounting policies (continued)

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 purpose of preparing the aggregated financial report.

Critical Accounting Estimates and Judgments

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make estimates, judgments 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, judgments and assumptions.

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 statement of financial position certain land and buildings of which the Uniting Church in Australia Property Trust (Victoria) and Uniting Church in Australia Property Trust (Tas) holds legal ownership. The carrying value of land and buildings and investment property over which the Uniting Church in Australia Property Trust (Victoria) and the Uniting Church in Australia Property Trust (Tas) holds legal ownership at 30 June 2010 is \$175,304,571 (2009: \$179,327,683) less accumulated depreciation \$35,102,399 (2009: \$32,490,286). 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) holds 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.

Notes to the financial statements

for the year ended 30 June 2010

1. Statement of significant accounting policies (continued)

Plant and equipment

Plant and equipment are measured at cost 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.

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

Depreciation

The depreciable amount of all property, plant and equipment including building, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the aggregated entity commencing from the time the asset is held ready for use.

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

Asset Class	Depreciation Rate
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 values and useful lives are reviewed, and adjusted if appropriate, at each reporting period date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

Investment Properties

Investment property, which consists of independent living units, is held to generate deferred management fees and retentions. Investment property is carried at cost.

Notes to the financial statements

for the year ended 30 June 2010

1. Statement of significant accounting policies (continued)

Financial Instruments

Initial recognition and measurement

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to the statement of comprehensive income immediately. Financial instruments are classified and measured as set out below.

Classification and subsequent measurement

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.

Held-to-maturity investments

These investments have fixed maturities, and it is the aggregated entity's intention to hold these investments to maturity. Held-to-maturity investments held by the Entity are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They are held at fair value with changes in fair value taken through the financial assets reserve directly to other comprehensive income.

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.

Notes to the financial statements

for the year ended 30 June 2010

1. Statement of significant accounting policies (continued)

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 the statement of comprehensive income when the liabilities are derecognised.

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

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the aggregated 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 the statement of comprehensive income.

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 statement of comprehensive income.

Where the asset does not generate cash flows that are independent from other assets, the aggregated 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.

Notes to the financial statements

for the year ended 30 June 2010

1. Statement of significant accounting policies (continued)

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 aggregated entity expects to pay as at reporting date including related on costs, such as workers compensation insurance.

Long service leave

The aggregated entity's net obligation in respect of long service leave, is the amount of future benefit that employees have earned in return for their service in current and prior periods. The obligation 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 bonds at the balance sheet date which have maturity dates approximating to the terms of the entities obligations.

Income Tax

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

Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within financial liabilities in current liabilities on the statement of financial position.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the aggregated 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.

Notes to the financial statements

for the year ended 30 June 2010

1. Statement of significant accounting policies (continued)

Government Grant

Grant revenue is recognised when the aggregated entity gains control over the contribution; it is probable that the economic benefits comprising the contribution will flow to the entity; and the amount of the contribution can be measured reliably.

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).

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.

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 Tasmanian 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 in note 13 as a resident ingoing liability. 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.

Resident Ingoing amounts and related retentions and deferred management fees 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. Uniting Aged Care has established an investment structure to enable refunds of accommodation bonds and other resident ingoing amounts to be met as required.

Accommodation bonds and other resident ingoing amounts 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.

Notes to the financial statements

for the year ended 30 June 2010

1. Statement of significant accounting policies (continued)

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 aggregated 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.

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 licenses 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 the statement of comprehensive income in the expense category consistent with the function of the intangible asset.

Comparative Figures

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

Correction of error

Southern Tasmania assets were reassessed after the prior year financial statements were issued and were subsequently re-classified from Plant & Equipment to their appropriate Property, Plant & Equipment classification, including re-classifications to Investment Property.

Additionally, as a result of the review, \$803,166 of these assets were improperly classified as they consisted of items that should have been expensed. As such, \$803,166 had to be written out of fixed assets and into expenses for the prior year, subsequently decreasing retained earnings by this amount.

Notes to the financial statements

for the year ended 30 June 2010

1. Statement of significant accounting policies (continued)

The prior period balances have been restated to reflect the error as follows:

Statement of Financial Position	2009 Balance as previously stated \$	Adjustment \$	2009 Comparative balance as restated \$
Assets			
Property, plant & equipment	40,843,858	(2,462,768)	38,381,090
Investment property	25,135,208	1,659,602	26,794,810
	<u>65,979,066</u>	<u>(803,166)</u>	<u>65,175,900</u>
Equity			
Retained earnings	<u>50,013,296</u>	<u>(803,166)</u>	<u>49,210,130</u>
 Statement of Comprehensive Income			
Care expenses	21,559,840	401,581	21,961,421
Hotel expenses	<u>6,809,367</u>	<u>401,585</u>	<u>7,210,952</u>
	<u>28,369,207</u>	<u>803,166</u>	<u>29,172,373</u>

As noted above, the correction of error has decreased assets and retained earnings in the prior period by \$803,166 and increased expenses from the prior period by \$803,166.

Notes to the financial statements

for the year ended 30 June 2010

2. Revenue

	2010	2009
	\$	\$
Operating activities:		
- Government contributions	72,642,863	73,991,155
- Resident/client fees	26,617,003	26,904,016
- Interest	4,578,466	6,133,408
- Property income	258,448	318,501
- Retentions and accommodation charges	4,972,209	5,349,250
- Donations, bequests, fundraising	1,148,971	1,338,250
- Other revenue	1,746,981	920,473
- Recognition of activated bed licenses		930,000
Total revenue from operating activities	111,964,941	115,885,053
Other Income		
- Net gain on disposal of bed licenses	1,374,062	-
- Net gain on disposal of property, plant and equipment	5,472,214	-
Total other income	6,846,276	-

3. Expenses

	2010	2009
	\$	\$
Depreciation and amortisation expense		
- Depreciation of property, plant and equipment	4,749,219	5,203,237
- Depreciation of investment property	867,181	804,441
- Amortisation of intangibles assets	630,830	420,628
Total depreciation and amortisation expense	6,247,230	6,428,306
Employee benefit expense		
Wages, salaries	71,615,639	77,433,004
Superannuation	5,829,860	5,857,813
Total employee benefit expense	77,445,499	83,290,817
Bad debts and impairment of debts		
Impairment of debts		
Bad debts written off / (bad debts recovered)	59,370	10,475
Total bad debts and impairment of debts	59,370	10,475

Notes to the financial statements

for the year ended 30 June 2010

3. Expenses (continued)

Other expenses

	2010	2009
	\$	\$
Remuneration of auditor:		
- Auditing of the financial statements	100,000	133,250
- Preparation of the financial statements	15,000	14,250
- Audit of acquittals	16,000	10,000
Total remuneration of auditor	131,000	157,500

4. Cash and cash equivalents

	2010	2009
	\$	\$
Cash on hand	18,490	25,550
Cash at bank	1,087,020	3,294,898
	1,105,510	3,320,448

The effective interest rate on short-term bank deposits was 0.35% (2009: 0.35%); these deposits are at call.

5. Trade and other receivables

	2010	2009
	\$	\$
Current		
Trade receivables	4,510,622	4,867,403
Provision for impairment of trade receivables	(121,036)	(125,769)
Other receivables	2,037,456	2,379,874
Receivable from the disposal of bed licenses	1,350,000	-
	7,777,042	7,121,508

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.

Notes to the financial statements

for the year ended 30 June 2010

5. Trade and other receivables (continued)

As at 30 June 2010, trade receivables with a carrying amount of \$96,865 (2009: \$26,493) for the aggregated 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.

Included in the balance of trade receivables are unpaid resident ingoing contributions. Whilst these do not have specific payment terms, interest is accrued on outstanding amounts in accordance with the relevant approved resident agreements.

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 \$4,733 (2009: increased by \$221,830). This movement was recognised in Trade Receivables, (the impact on the statement of comprehensive income had been previously recognised in 2009)

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements. The aggregated 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 aggregated entity.

6. Financial assets

	2010	2009
	\$	\$
Held to maturity:		
Deposits with UCA Funds Management (at - amortised cost)	53,050,921	47,241,786
Available for sale:		
Investments with UCA Funds Management (at - fair value)	31,590,643	28,912,415
Total financial assets	84,641,564	76,154,201

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

	2010	2009
	\$	\$
Current		
Prepayments	968,784	915,432
Other Assets	12,147	12,147
Accrued Income	917,036	186,666
	1,897,967	1,114,245

Notes to the financial statements

for the year ended 30 June 2010

8. Property, plant and equipment

	2010	2009
	\$	\$
Freehold land - at cost	24,576,969	25,181,969
Buildings - at cost	116,705,664	115,140,105
Less: accumulated depreciation	(29,119,098)	(27,528,628)
Total land and buildings	112,163,535	112,793,446
Plant and equipment - at cost	11,476,191	12,751,905
Less: accumulated depreciation	(7,980,230)	(8,783,719)
	3,495,961	3,968,186
Motor Vehicles - at cost	1,528,078	1,281,532
Less: accumulated depreciation	(1,164,947)	(749,832)
	363,131	531,700
Computer Equipment - at cost	1,690,333	1,348,255
Less: accumulated depreciation	(1,629,988)	(1,184,826)
	60,345	163,429
Furniture, Fixtures and Fittings - at cost	6,677,320	6,163,907
Less: accumulated depreciation	(4,448,998)	(4,159,525)
	2,228,322	2,004,382
Capital works in progress	15,674,315	3,769,048
Total property, plant and equipment	133,985,609	123,230,191

Notes to the financial statements

for the year ended 30 June 2010

8. Property, plant and equipment (continued)

Movements in carrying amounts

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

	Land \$	Buildings \$	Plant & equipment \$	Motor vehicles \$	Computer equipment \$	Furniture, fixtures & fittings \$	Capital Work in Progress \$	Total \$
Carrying amount at 30 June 2008	25,417,297	86,386,326	4,719,257	439,444	224,117	2,124,126	25,693,009	145,003,566
Additions	-	84,839	528,569	139,731	6,700	227,943	5,778,950	6,766,732
Disposals	-	(938,101)	(49,093)	(22,979)	35,160	(4,540)	(2,463,603)	(3,443,056)
Transfer to Investment Property	(235,318)	5,604,494	(196,624)	124,283	53,195	(4,536)	-	(19,893,815)
Depreciation Expense	-	(3,526,081)	(1,033,923)	(148,879)	(155,743)	(338,611)	-	(5,203,237)
Carrying amount at 30 June 2009	25,181,969	87,611,477	3,968,186	531,700	163,429	2,004,382	3,769,048	123,230,191
Additions	-	5,413,329	655,190	72,546	11,819	727,148	12,298,414	19,178,446
Disposals	(605,000)	(2,358,759)	(199,454)	(29,048)	(1,578)	(170,155)	(497,961)	(3,861,955)
Transfer to Intangibles	-	83,330	-	-	-	-	104,814	188,144
Depreciation Expense	-	(3,162,811)	(927,961)	(212,066)	(113,325)	(333,055)	-	(4,749,219)
Carrying value at 30 June 2010	24,576,969	87,586,566	3,495,961	363,132	60,346	2,228,321	15,674,315	133,985,609

9. Investment Property

	2010 \$	2009 \$
Investment Property - at cost	34,021,938	39,005,609
Less: accumulated depreciation	(5,983,301)	(4,961,658)
Total land and buildings	28,038,637	34,043,951

Movements in carrying amounts

Balance at the beginning of the year	34,043,951	14,879,125
Acquisitions	37,047	75,910
Reclassification of Investment Property	(5,175,179)	-
Transfer from property, plant and equipment	-	19,893,815
Depreciation expense	(867,182)	(804,899)
Balance at the end of the year	28,038,637	34,043,951

Notes to the financial statements

for the year ended 30 June 2010

10. Intangible assets

	2010	2009
	\$	\$
Bed Licenses - at deemed cost	53,248,470	55,523,470
Less: impairment losses	-	-
	53,248,470	55,523,470
Software Development - at cost	4,076,448	3,425,852
Less: accumulated amortisation	(2,039,149)	(1,438,506)
	2,037,299	1,987,346
Total intangibles	55,285,769	57,510,816

Movements in carrying amounts

	Bed licenses \$	Software development \$	Total \$
Gross carrying amount			
Balance at 1 July 2008	54,770,170	2,479,993	57,250,163
Additions	930,000	3,891	933,891
Disposals	(176,700)	-	(176,700)
Transfers from property plant and equipment	-	941,968	941,968
Balance at 30 June 2009	55,523,470	3,425,852	58,949,322
Transfers to property plant and equipment	-	(188,144)	(188,144)
Additions	-	1,767,639	1,767,639
Disposals	(2,275,000)	(928,899)	(3,203,899)
Balance at 30 June 2010	53,248,470	4,076,448	57,324,918
Accumulated amortisation and impairment			
Balance at 1 July 2008	-	1,005,734	1,005,734
Transfers from property plant and equipment	-	12,144	12,144
Amortisation expense	-	420,628	420,628
Balance at 30 June 2009	-	1,438,506	1,438,506
Amortisation expense	-	630,830	630,830
Reclassification in accumulated amortisation	-	(30,187)	(30,187)
Balance at 30 June 2010	-	2,039,149	2,039,149
Net book value			
As at 30 June 2009	55,523,470	1,987,346	57,510,816
As at 30 June 2010	53,248,470	2,037,299	55,285,769

Notes to the financial statements

for the year ended 30 June 2010

10. Intangible assets (continued)

Revaluation of bed licenses

The entity engaged Eccles Realty, an accredited valuer, to determine the fair value of its bed licenses for Victoria. In prior years the entity engaged Nelson Partners, an accredited valuer, to do so for Tasmania. 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 bed licenses are held at Deemed Cost at 30 June 2010.

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.

11. Trade and other payables

	2010	2009
	\$	\$
Current		
Trade payables	2,964,091	2,170,083
Sundry payables and accrued expenses	4,777,838	4,091,145
Deferred Income	-	11,000
Amounts payable to:		
- The Uniting Church in Australia	-	1,064,237
	7,741,929	7,336,465

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 on trade payables.

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

Notes to the financial statements

for the year ended 30 June 2010

12. Provisions

	2010	2009
	\$	\$
Current		
Employee benefits	8,974,018	10,018,473
	8,974,018	10,018,473
Non-current		
Employee benefits	2,082,345	915,046
	2,082,345	915,046

13. Resident Ingoings

	2010	2009
	\$	\$
Current		
Resident Ingoings	101,417,130	98,647,155
Resident contributions	-	23,151
	101,417,130	98,670,306

14. Reserve and Retained Earnings

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

The asset revaluation reserve is used to record increases in the fair value of buildings and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in equity.

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

Notes to the financial statements

for the year ended 30 June 2010

14. Reserve and Retained Earnings (continued)

	2010	2009
<i>Retained earnings</i>		
Movements in retained earnings were as follows:		
Balance at 1 July	162,553,275	169,607,500
Net surplus/(deficit) for the year	5,890,149	(7,135,246)
Transfer from community development reserve	-	81,021
Transfers from reserves	3,107,289	-
Balance at 30 June	171,550,713	162,553,275
<i>Community development reserve</i>		
At 1 July	-	194,432
Transfer to general reserve	-	(113,411)
Transfers to/(from) retained earnings	-	(81,021)
As at 30 June	-	-
<i>Capital replacement reserve</i>		
At 1 July	-	194,432
Transfer to general reserve	-	(113,411)
Transfers to/(from) retained earnings	-	(81,021)
As at 30 June	-	-
<i>General reserve</i>		
At 1 July	18,625,057	25,733,054
Increase/(decrease) in market value of available-for-sale investments	1,137,712	(7,246,291)
Transfer from Community development reserve	-	113,411
Transfer from Capital Replacement reserve	-	24,883
Transfer to retained earnings	(3,092,348)	-
Transfer to statement of comprehensive income	(14,941)	-
As at 30 June	16,655,480	18,625,057
<i>Specific reserves</i>		
At 1 July	4,229,310	4,229,310
As at 30 June	4,229,310	4,229,310
<i>Asset revaluation reserve</i>		
At 1 July	216,173	216,173
As at 30 June	216,173	216,173
	21,100,963	23,070,540

Notes to the financial statements

for the year ended 30 June 2010

15. Cash flow information

	Note	2010 \$	2009 \$
a. Reconciliation of cash			
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:			
Cash on hand	4	18,490	25,550
Cash at bank	4	1,087,020	3,294,898
		1,105,510	3,320,448

b. Reconciliation of cash flow from operations with surplus after income tax

Surplus after income tax	5,890,149	(7,135,246)
Non-cash flows in profit:		
- Depreciation & amortisation	6,247,230	6,428,306
- Net (gain) / loss on disposal of property, plant and equipment	(5,472,214)	1,066,361
- Bad and doubtful debts including debt forgiveness	-	3,705
- Costs associated with the write off of infrastructure at closed facilities	-	1,345,369
- Acquisition of bed licenses	-	(930,000)
- Net (gain) / loss on disposal of intangibles	(799,250)	176,700
Changes in assets and liabilities		
- (Increase)/decrease in trade and other receivables	(16,447)	3,110,600
- (Increase)/decrease in prepayments	(53,352)	104,335
- Increase/(decrease) in other non-current assets	(66,255)	(68,745)
- Increase/(decrease) in trade and other payables	(44,562)	(213,157)
- (Increase)/decrease in trade payable to The Uniting Church in Australia	(1,064,237)	82,426
- Increase/(decrease) deferred income	(11,000)	(330,249)
- Increase/(decrease) in provisions	122,843	262,208
	4,732,905	3,902,613

Notes to the financial statements

for the year ended 30 June 2010

16. Contingent assets and liabilities

The members of the Board of Governance are not aware of any material contingent liabilities that exist at 30 June 2010 (2009: none).

17. Entity details

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

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

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 2010, (2009: nil).

(i) Treasury Risk Management

A Finance Committee consisting of members of the Board of Governance, external members and senior executives of the aggregated 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 aggregated 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 aggregated entity is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Notes to the financial statements

for the year ended 30 June 2010

18 Financial Risk Management (continued)

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).

Liquidity Risk

The aggregated 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 statement of financial position and noted to the financial statements. In the case of accommodation bonds and other resident ingoing debtors, the maximum exposure to credit risk is the carrying amount of uncollected periodic retentions and accumulated interest.

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

(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 statement of financial position date and the periods in which they reprice.

Notes to the financial statements

for the year ended 30 June 2010

18 Financial Risk Management (continued)

	Weighted Average Effective Interest Rate		Fixed Interest Rate Maturing Within 1 year		Floating interest rate	
	2010 %	2009 %	2010 \$ '000	2009 \$ '000	2010 \$ '000	2009 \$ '000
Financial assets						
<i>Current</i>						
Cash	0.35%	0.35%	-	-	1,087	3,295
Receivables	7.64%	11.75%	-	-	4,390	4,993
Other receivables	-	-	-	-	-	-
Available for sale financial assets	-	-	-	-	-	-
Held to maturity financial assets	4.93%	4.96%	-	-	53,051	47,242
			-	-	58,528	55,530
			Non Interest Bearing		Total	
			2010	2009	2010	2009
			\$ '000	\$ '000	\$ '000	\$ '000
Financial assets						
<i>Current</i>						
Cash			18	26	1,106	3,321
Receivables			-	-	4,390	4,993
Other receivables			3,387	2,128	3,387	2,128
Available for sale financial assets			31,591	28,912	31,591	28,912
Held to maturity financial assets			-	-	53,051	47,242
			34,997	31,066	93,524	86,596
Financial liabilities						
<i>Current</i>						
Trade and sundry payables			7,742	6,274	7,742	6,274
Amount payable to UCA Funds Management			-	1,064	-	1,064
Resident ingoings			101,417	98,670	101,417	98,670
			109,159	106,008	109,159	106,008

Notes to the financial statements

for the year ended 30 June 2010

18 Financial Risk Management (continued)

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

(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 aggregated 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 statement of financial position and in the notes to the financial statements.

(d) Sensitivity Analysis

The aggregated 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 2010, the effect on surplus and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Change in Surplus		Change in Equity	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
- Increase in interest rate by 2% (2009: 2%)	1,171	1,111	1,171	1,111
- Decrease in interest rate by 2% (2009: 2%)	(1,171)	(1,111)	(1,171)	(1,111)

Notes to the financial statements

for the year ended 30 June 2010

19 Capital and Leasing Commitments

	2010	2009
	\$	\$
Capital expenditure commitments contracted for:		
Re-development of properties		
- less than 12 months	46,096,000	30,511,000
- greater than 12 months	27,828,000	31,752,000
	73,924,000	62,263,000

20 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 \$2,864,201 (2009: \$2,763,555) 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 6).

(b) Russell Kennedy

Legal fees of \$90,477 (2009: \$106,963) were paid to Russell Kennedy on normal commercial terms. Ms Libby Pallot (Principal) and Mr Victor Harcourt (Principal) is a Sub-Committee member, all are employees of this firm.

(c) Council of Ageing Vic

Conference services of \$110 (2009: \$310) were purchased from Council of the Ageing Victoria on normal commercial terms. Mrs Janet Wood, a member of a committee of the Board of Governance, is the Chair of this organisation.

Notes to the financial statements

for the year ended 30 June 2010

20 Related Party Transactions (continued)

(d) LaTrobe University

Conference services of \$110,198 (2009: \$85,498) were purchased from La Trobe University on normal commercial terms. Dr Gerry Naughtin, was a member of the Board of Governance and was the Assoc Professor, School of Social Work & Social Policy at La Trobe University until December 2008

(e) McCarthy Psychology Services

Psychology services of \$2,613 (2009: \$6,209) were purchased from McCarthy Psychology Services on normal commercial terms. Mr Bernie McCarthy, who is a member of a committee of the Board of Governance is a Director of this firm.

(f) Proactive Complaints Management

Complaints management services of \$24,695 (2009: \$23,396) were purchased from Proactive Complaints Management on normal commercial terms. Mr Bernie McCarthy, who is a member of a committee of the Board of Governance, is a Director of this firm.

(g) Uniting Aged Care Tasmania

Interest of \$23,318 (2009 \$1,018,366) was received from Uniting Aged Care Tasmania on normal commercial terms and conditions. This interest was received in relation to loan funds advanced to UAC Tasmania.

(h) Uniting Aged Care Victoria

Interest of \$23,318 (2009: \$1,018,366) was paid to Uniting Aged Care Victoria on normal commercial terms and conditions. This interest was paid in relation to loan funds advanced from UAC Victoria.

21 Key Management Personnel

The total of remuneration paid to key management personnel of the entity during the years are as follows:

	2010	2009
	\$	\$
Short-term employee benefits	1,607,841	1,479,927
Post employment benefits	135,637	402,190
Termination benefits	-	115,237
	<u>1,743,478</u>	<u>1,997,354</u>

Notes to the financial statements

for the year ended 30 June 2010

22 Segment note

The following segment note has been prepared in accordance with the regulations of Residential Care Subsidy Principles 1997.

Revenue	\$	Expenses	\$
Government Subsidies	59,609,140	Care employee expenses**	(50,000,331)
Resident Charges	23,026,748	Other Employee expenses	(7,412,550)
Capital Grants	-	Management fees	(11,688,731)
Bond Retentions	1,111,951	Interest expense	(233,134)
Interest Income	3,984,892	Depreciation & amortisation	(4,108,800)
Donations	44,446	Other*	(20,963,020)
Other*	7,457,056		
Total Revenue	95,234,233	Total Expense	(94,406,566)
Segment result			827,667

Segment Assets		Segment Liabilities***	
Segment current assets	42,032,904	Segment current liabilities	(3,416,905)
Segment non-current assets	110,403,016	Segment non-current liabilities	(73,864,457)
Segment Net Assets:			75,154,558

Segment Liabilities included above:

Accommodation bond liabilities	72,134,174
Interest-bearing borrowings	-

* notes to explain significant one off revenue & expense items

** includes Agency costs

*** should include accommodation bonds & total segment borrowings

Other*		Other*	
Sale of Bodalla and Marivale properties	6,254,544	Cost of disposal of Bodalla and Marivale properties	(2,772,155)
Bequests	746,453	Cost of disposal of Berriedale	(165,000)
Other Recurring Revenue	456,059	Other Recurring Expenses	(18,025,865)
Total	7,457,056	Total	(20,963,020)

Notes to the financial statements

for the year ended 30 June 2010

23 Events after balance date

Subsequent to the end of the financial year:

Management sold land at auction on 1 September 2010. The proceeds from the sale total \$8,605,000, with a cost base of \$390,651. The proceeds of the sale of these properties will be included in future year's financial reports.

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

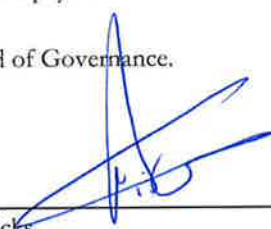
Statement by the Board of Governance

The Board of Governance declares that:

1. The attached financial statements and notes thereto, 1 to 23
 - (a) comply with Accounting Standards as described in Note 1 to the financial statements
 - (b) give a true and fair view of the aggregated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
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.


Mr Alan Wilkinson
Chairman


Mr Joe Dicks
Board Member

Dated this 28 day of September 2010

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Independent Auditor's Report To the Victorian and Tasmanian Synod of the Uniting Church in Australia

We have audited the accompanying financial report of Uniting Aged Care Victoria and Tasmania (the "aggregated entity"), which comprises the statement of financial position as at 30 June 2010, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes to the financial report 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 are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 opinion.


Independence

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

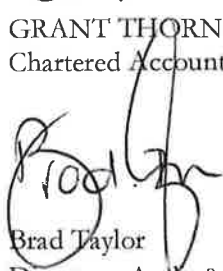
Auditor's opinion

In our opinion,;

- a the financial report of Uniting Aged Care Victoria and 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 2010 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards (including the Australian Accounting Interpretations) .



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Brad Taylor
Director - Audit & Assurance Services

Melbourne,

Dated this 29th day of September 2010