

Uniting Aged Care Victoria
and Tasmania

Annual Report

30 June 2011

Uniting Aged Care Victoria and Tasmania

Board of Governance Report

Your members of the Board of Governance present their report on the entity for the financial year ended 30 June 2011.

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 Karen Janiszewski
 Mrs Jill Linklater
 Ms Libby Pallot
 Mr Richard Price
 Mr Ken Tabart
 Rev 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 October 2007 - Dr Wilkinson is an ex officio member of all Board 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 Committee
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 Chair of the Finance Committee and a member of the Audit & Risk Committee

Uniting Aged Care Victoria and Tasmania

Board of Governance Report

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 August 2005 - Ms Janiszewski is Chair of the Property & Development Committee
Mrs Jill Linklater	<ul style="list-style-type: none"> - Qualifications - Graduate Diploma Health & Medical Law (Completing 2011), 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 - Mrs Linklater is a member of the Quality & Safety Committee and Remuneration & Nominations 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 May 2006 - Ms Pallot is Chair of the Remunerations & Nomination Committee
Mr Richard Price	<ul style="list-style-type: none"> - Qualifications - Bachelor of Commerce UNSW - 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 was Chair of the Property & Development Committee from 2004-2010 and continues as a member
Rev Allan Thompson	<ul style="list-style-type: none"> - Qualifications - Bachelor of Arts, Bachelor of Divinity, AICD Company Directors Course Diploma - Board member since December 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 January 2006

Uniting Aged Care Victoria and Tasmania

Board of Governance Report

Rev Dr Peter Blackwood Synod Associate General Secretary
 - Qualifications - Diploma Teachers Guild (NSW), Bachelor of Arts, Bachelor of Divinity,
 Master of Ministry, Doctor of Ministry Studies
 - Board member since January 2009 (Alternate Member)

Meetings of Members

During the financial year 14 meetings of Board Members were held. Attendance by each Board Member was as follows -

	Board Meetings	
	No eligible to attend	Number attended
Dr Alan Wilkinson	14	13
Dr Cathy Balding	14	10
Mr Joe Dicks	14	8
Ms Karen Janiszewski	14	12
Mrs Jill Linklater	14	12
Ms Libby Pallot	13	10
Mr Richard Price	14	11
Mr Ken Tabart	14	13
Rev Allan Thompson	14	14
Rev Rob Brown	8	6
Rev Dr Peter Blackwood	6	6

Uniting Aged Care Victoria and Tasmania

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.

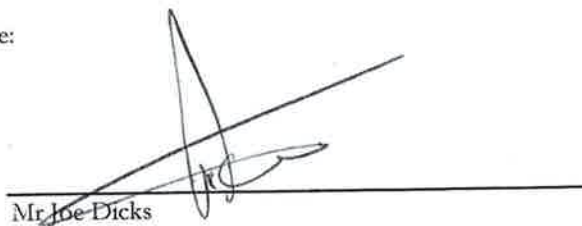
Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2011 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:



Dr Alan Wilkinson
Chairman



Mr Joe Dicks
Board Member

Dated this 27th day of September 2011

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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 2011, 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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Brad Taylor
Director - Audit & Assurance p

Melbourne,

Dated this 27th day of September 2011

Income Statement

for the year ended 30 June 2011

	Note	2011 \$	2010 \$
Revenue	2	123,009,626	111,964,942
Other Income	2	16,530,174	6,846,276
Care expenses		64,609,730	62,536,215
Hotel expenses		18,765,707	17,903,987
Administrative expenses		26,599,835	24,364,879
Finance costs		262,632	266,422
Other expenses		8,879,080	7,849,566
Surplus before income tax		20,422,817	5,890,148
less:			
Income tax expense	1	-	-
Surplus for the year		20,422,817	5,890,148

Statement of Comprehensive Income

for the year ended 30 June 2011

	Note	2011 \$	2010 \$
Surplus for the year		20,422,817	5,890,148
Other comprehensive income:			
Available-for-sale financial assets			
- current year gains		3,262,168	1,137,712
Other comprehensive income for the year, net of income tax		3,262,168	1,137,712
Total comprehensive income for the year		23,684,985	7,027,860

Statement of Financial Position

as at 30 June 2011

	Note	2011 \$	2010 \$
Current assets			
Cash and cash equivalents	4	336,749	1,105,510
Trade and other receivables	5	12,756,171	7,774,009
Financial assets	6	75,173,335	84,641,564
Other current assets	7	2,680,353	1,897,970
Total current assets		90,946,608	95,419,053
Non-current assets			
Property, plant and equipment	8	171,019,377	133,984,652
Investment property	9	28,083,268	28,038,638
Intangible assets	10	53,772,296	55,286,109
Other non current assets		460,000	135,000
Total non-current assets		253,334,941	217,444,399
Total assets		344,281,549	312,863,452
Current liabilities			
Trade and other payables	11	11,044,820	7,738,284
Provisions	12	9,375,737	8,974,017
Resident ingoings	13	105,191,650	101,417,130
Total current liabilities		125,612,207	118,129,431
Non-current liabilities			
Provisions	12	2,332,681	2,082,345
Total non-current liabilities		2,332,681	2,082,345
Total liabilities		127,944,888	120,211,776
Net assets		216,336,661	192,651,676
Equity			
Reserves	14	24,363,131	21,100,963
Retained earnings		191,973,530	171,550,713
Total equity		216,336,661	192,651,676

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the year ended 30 June 2011

	Notes	Reserves \$	Retained Earnings \$	Total \$
Balance at 1 July 2009		23,070,540	162,553,276	185,623,816
Total comprehensive income for the year		1,137,712	5,890,148	7,027,860
Transfers		(3,107,289)	3,107,289	-
Balance at 30 June 2010	14	21,100,963	171,550,713	192,651,676
Balance at 1 July 2010		21,100,963	171,550,713	192,651,676
Total comprehensive income for the year		3,262,168	20,422,817	23,684,985
Balance at 30 June 2011		24,363,131	191,973,530	216,336,661

Statement of Cash Flows

for the year ended 30 June 2011

	Note	2011 \$	2010 \$
Cash flows from operating activities			
Receipts from customers		35,150,620	34,513,602
Receipts from government Funding		81,950,108	72,642,863
Donations, bequests and fundraising		1,708,325	1,148,971
Capital Grant		7,146,382	-
Payments to suppliers and employees		(111,793,366)	(107,917,863)
Interest received		4,939,505	4,578,466
Interest paid		(262,632)	(233,134)
Net cash provided by (used in) operating activities	15(b)	18,838,942	4,732,905
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		8,744,907	10,509,472
Receipts from/(payments for) deposits with UCA Funds Management		14,438,884	(5,809,135)
Payments for available for sale assets with UCA Funds Management		(1,708,487)	(1,540,516)
Purchase of property, plant and equipment		(41,628,251)	(17,357,027)
Purchase of intangible asset - software		(145,671)	(680,783)
Proceeds from sale of bed licences		2,550,000	1,704,793
Payment for investment properties		(783,181)	3,478,529
Net cash provided by (used in) investing activities		(18,531,799)	(9,694,667)
Cash flows from financing activities			
Net receipts from (payments for) resident ingoing contributions		(1,075,904)	2,746,824
Net cash provided by (used in) financing activities		(1,075,904)	2,746,824
Net change in cash and cash equivalents held		(768,761)	(2,214,938)
Cash and cash equivalents at beginning of financial year		1,105,510	3,320,448
Cash and cash equivalents at end of financial year	15(a)	336,749	1,105,510

Uniting Aged Care Vic & Tas

Contents of Notes to the Financial Statements

	Page
Note 1 Statement of significant accounting policies	14 - 22
Note 2 Revenue	23
Note 3 Expenses	23 - 24
Note 4 Cash and cash equivalents	24
Note 5 Trade and other receivables	24 - 25
Note 6 Financial assets	26
Note 7 Other assets	26
Note 8 Property, plant and equipment	27 - 28
Note 9 Investment property	28
Note 10 Intangible assets	29 - 30
Note 11 Trade and other payables	30
Note 12 Provisions	31
Note 13 Resident ingoings	31
Note 14 Reserve and retained earnings	31 - 32
Note 15 Cash flow information	33
Note 16 Contingent assets and liabilities	34
Note 17 Entity details	34
Note 18 Financial risk management	34 - 38
Note 19 Capital and leasing commitments	39
Note 20 Related party transactions	40 - 41
Note 21 Key management personnel	41
Note 22 Segment note	42
Note 23 Events after balance date	43

Notes to the financial statements

for the year ended 30 June 2011

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 and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report covers Uniting Aged Care Victoria and Tasmania (Uniting Aged Care) as an aggregated entity. Uniting Aged Care 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) hold 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 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 was authorised for issue by the Members of the Board of Governance on 27 September 2011.

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.

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 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 2011

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 as follows:

- Further amendments to Australian Accounting Standards arising from the Annual Improvement project AASB 2009-5
- Improvements to IFRSs - AASB 2010-3

The first-time application of these standards do not have a material impact upon the financial statements

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 2011 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 2011 and accordingly they have not been adopted early.

Management anticipates that all of the relevant pronouncements will be adopted in the entity's accounting policies for the first period beginning after the effective date of the pronouncement.

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, EACHID, 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).

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.

Notes to the financial statements

for the year ended 30 June 2011

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 this note provide details of these estimates, judgments and assumptions.

Notes to the financial statements

for the year ended 30 June 2011

1. Statement of significant accounting policies (continued)

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 2011 is \$176,240,402 (2010: \$175,304,573) less accumulated depreciation \$40,105,844 (2010: \$35,102,399). 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.

Plant and equipment

Plant and equipment are measured at cost less depreciation and impairment losses.

The cost of fixed assets constructed within the entity includes the cost of materials, direct labour, 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 entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Notes to the financial statements

for the year ended 30 June 2011

1. Statement of significant accounting policies (continued)

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 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.

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.

Notes to the financial statements

for the year ended 30 June 2011

1. Statement of significant accounting policies (continued)

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, less provision for impairment. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

Trade and other 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 provision for impairment.

Held-to-maturity investments

These investments have fixed or determinable maturities, and it is the 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 resident ingoings 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 financial liabilities are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, financial liabilities 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.

Notes to the financial statements

for the year ended 30 June 2011

1. Statement of significant accounting policies (continued)

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 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 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 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.

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.

Notes to the financial statements

for the year ended 30 June 2011

1. Statement of significant accounting policies (continued)

Long service leave

The 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 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.

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 clients.

Interest Income

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

Government Grant

Grant revenue is recognised when the 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).

Notes to the financial statements

for the year ended 30 June 2011

1. Statement of significant accounting policies (continued)

Goods and Services Tax (GST)

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

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST components of Investing and Financing Activities which are disclosed as operating cash flows.

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.

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.

Notes to the financial statements

for the year ended 30 June 2011

1. Statement of significant accounting policies (continued)

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.

In the current year management has reviewed the classification of certain items in the Statement of Comprehensive

The amendments to the comparative period are as follows -

	Previously reported 2010 \$	Revised 2010 \$
Revenue	111,964,941	111,964,942
Other Income	6,846,276	6,846,276
Care expenses	67,993,246	62,536,215
Hotel expenses	18,699,722	17,903,987
Administrative expenses	15,896,632	24,364,879
Finance costs	266,422	266,422
Other expenses	10,065,046	7,849,566

Notes to the financial statements

for the year ended 30 June 2011

2. Revenue

	2011	2010
	\$	\$
Operating activities:		
- Government contributions	81,572,465	73,865,169
- Resident/client fees	27,878,626	28,768,622
- Interest	4,939,505	4,578,467
- Property income	197,332	258,447
- Retentions and accommodation charges	3,976,724	3,747,264
- Donations, bequests, fundraising	1,741,156	1,157,987
- Other revenue	2,703,818	(411,014)
Total revenue from operating activities	123,009,626	111,964,942
Other Income		
- Grant Income	9,633,438	574,812
- Net gain on disposal of bed licences	150,000	1,374,062
- Net gain on disposal of property, plant & equipment	6,746,736	4,897,402
Total other income	16,530,174	6,846,276

3. Expenses

	2011	2010
	\$	\$
Depreciation and amortisation expense		
- Depreciation of property, plant and equipment	5,618,603	4,905,142
- Depreciation of investment property	738,610	711,157
- Amortisation of intangibles assets	609,485	630,829
Total depreciation and amortisation expense	6,966,698	6,247,128
Employee benefit expense		
Wages, salaries	74,187,488	71,615,640
Superannuation	5,986,153	5,829,860
Total employee benefit expense	80,173,641	77,445,500
Bad debts and impairment of debts		
Impairment of debts		
Bad debts written off / (bad debts recovered)	30,198	59,370
Total bad debts and impairment of debts	30,198	59,370

Notes to the financial statements

for the year ended 30 June 2011

3. Expenses (continued)

Other expenses	2011	2010
	\$	\$
Remuneration of auditor:		
- Auditing of the financial statements	80,000	100,000
- Preparation of the financial statements	5,000	15,000
- Audit of acquittals	16,000	16,000
Total remuneration of auditor	101,000	131,000

4. Cash and cash equivalents

	2011	2010
	\$	\$
Cash on hand	18,072	18,490
Cash at bank	318,677	1,087,020
	336,749	1,105,510

The effective interest rate on short-term bank deposits was 0.35% (2010: 0.35%); these deposits are at call.

5. Trade and other receivables

	2011	2010
	\$	\$
Current		
Trade receivables	9,368,124	4,530,710
Provision for impairment of trade receivables	(101,251)	(121,036)
Other receivables	3,489,298	2,014,335
Receivable from the disposal of bed licenses	-	1,350,000
	12,756,171	7,774,009

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

Notes to the financial statements

for the year ended 30 June 2011

5. Trade and other receivables (continued)

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 2011, trade receivables with a carrying amount of \$26,799 (2010: \$96,865) 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.

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 \$19,785 (2010: decreased by \$4,733). This movement was recognised in Trade Receivables, (the impact on the statement of comprehensive income had been previously recognised in 2010)

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.

Notes to the financial statements

for the year ended 30 June 2011

6. Financial assets

	2011 \$	2010 \$
Held to maturity:		
Deposits with UCA Funds Management (at - amortised cost)	38,612,037	53,050,921
Available for sale:		
Investments with UCA Funds Management (at - fair value)	36,561,298	31,590,643
Total financial assets	75,173,335	84,641,564

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

	2011 \$	2010 \$
Current		
Prepayments	927,374	968,784
Other Assets	13,509	12,150
Accrued Income	1,739,470	917,036
	2,680,353	1,897,970

Notes to the financial statements

for the year ended 30 June 2011

8. Property, plant and equipment

	2011 \$	2010 \$
Freehold land - at cost	24,186,318	24,576,970
Buildings - at cost	117,248,905	116,705,664
Less: accumulated depreciation	(33,383,933)	(29,119,098)
Total land and buildings	108,051,290	112,163,536
Plant and equipment - at cost	10,155,449	11,476,191
Less: accumulated depreciation	(6,026,225)	(7,980,231)
	4,129,224	3,495,960
Motor Vehicles - at cost	1,582,266	1,508,438
Less: accumulated depreciation	(1,255,164)	(1,145,307)
	327,102	363,131
Computer Equipment - at cost	876,607	1,690,333
Less: accumulated depreciation	(849,662)	(1,629,988)
	26,945	60,345
Furniture, Fixtures and Fittings - at cost	5,517,511	6,677,320
Less: accumulated depreciation	(3,279,241)	(4,448,998)
	2,238,270	2,228,322
Capital works in progress	56,246,546	15,673,358
Total property, plant and equipment	171,019,377	133,984,652

Notes to the financial statements

for the year ended 30 June 2011

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 1 July 2009	25,181,969	87,811,477	3,968,386	531,700	163,429	2,004,282	3,769,048	123,230,291
Additions	-	5,413,328	655,191	72,546	11,819	727,148	12,297,457	19,177,489
Disposals	(605,000)	(2,358,758)	(199,655)	(29,049)	(1,578)	(170,154)	(497,961)	(3,862,155)
Transfer to intangibles	-	83,330	-	-	-	-	104,814	188,144
Depreciation Expense	-	(3,162,811)	(927,961)	(212,066)	(113,325)	(332,954)	-	(4,749,117)
Carrying amount at 30 June 2010	<u>24,576,969</u>	<u>87,586,566</u>	<u>3,495,961</u>	<u>363,131</u>	<u>60,345</u>	<u>2,228,322</u>	<u>15,673,358</u>	<u>133,984,652</u>
Additions	-	588,197	1,389,834	133,724	6,592	381,544	42,007,745	44,507,637
Disposals	(390,651)	-	(18,509)	-	(3)	(10,588)	(1,434,556)	(1,854,308)
Depreciation Expense	-	(4,309,791)	(738,062)	(169,753)	(39,989)	(361,008)	-	(5,618,603)
Carrying amount at 30 June 2011	<u>24,186,318</u>	<u>83,864,972</u>	<u>4,129,224</u>	<u>327,102</u>	<u>26,945</u>	<u>2,238,270</u>	<u>56,246,548</u>	<u>171,019,377</u>

9. Investment Property

	2011	2010
	\$	\$
Investment Property - at cost	34,805,179	34,021,939
Less: accumulated depreciation	(6,721,911)	(5,983,301)
Total land and buildings	<u>28,083,268</u>	<u>28,038,638</u>

Movements in carrying amounts

Balance at the beginning of the year	28,038,638	34,043,951
Additions	783,240	37,048
Reclassification of Investment Property	-	(5,175,179)
Depreciation expense	(738,610)	(867,182)
Balance at the end of the year	<u>28,083,268</u>	<u>28,038,638</u>

Notes to the financial statements

for the year ended 30 June 2011

10. Intangible assets

	2011 \$	2010 \$
Bed Licenses - at deemed cost	52,198,470	53,248,470
Less: impairment losses	-	-
	52,198,470	53,248,470
Software Development - at cost	4,222,459	4,076,788
Less: accumulated amortisation	(2,648,633)	(2,039,149)
	1,573,826	2,037,639
Total Intangibles	53,772,296	55,286,109

Movements in carrying amounts

	Bed licenses \$	Software development \$	Total \$
Gross carrying amount			
Balance at 1 July 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
Additions	-	146,011	146,011
Disposals	(1,050,000)	-	(1,050,000)
Balance at 30 June 2011	52,198,470	4,222,459	56,420,929
Accumulated amortisation and impairment			
Balance at 1 July 2009	-	1,438,506	1,438,506
Amortisation expense	-	630,829	630,829
Reclassification in accumulated amortisation	-	(30,187)	(30,187)
Balance at 30 June 2010	-	2,039,148	2,039,148
Amortisation expense	-	609,485	609,485
Reclassification in accumulated amortisation	-	-	-
Balance at 30 June 2011	-	2,648,633	2,648,633
Net book value			
As at 30 June 2010	53,248,470	2,037,300	55,285,770
As at 30 June 2011	52,198,470	1,573,826	53,772,296

Notes to the financial statements

for the year ended 30 June 2011

10. Intangible assets (continued)

Revaluation of 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 bed licenses are held at Deemed Cost at 30 June 2011.

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

	2011	2010
	\$	\$
Current		
Trade payables	3,443,525	2,964,090
Sundry payables and accrued expenses	7,601,295	4,774,194
	11,044,820	7,738,284

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 2011

12. Provisions

	2011	2010
	\$	\$
Current		
Employee benefits	9,375,737	8,974,017
	9,375,737	8,974,017
Non-current		
Employee benefits	2,332,681	2,082,345
	2,332,681	2,082,345

13. Resident Ingoings

	2011	2010
	\$	\$
Current		
Resident Ingoings	105,191,650	101,417,130
	105,191,650	101,417,130

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 2011

14. Reserve and Retained Earnings (continued)

	2011	2010
	\$	\$
<i>Retained earnings</i>		
Movements in retained earnings were as follows:		
Balance at 1 July	171,550,713	162,553,275
Net surplus/(deficit) for the year	20,422,817	5,890,149
Transfers from reserves	-	3,107,289
Balance at 30 June	191,973,530	171,550,713
<i>General Reserve</i>		
At 1 July	16,655,480	18,625,057
Increase/(decrease) in market value of available-for-sale investments	3,262,168	1,137,712
Transfer to retained earnings	-	(3,092,348)
Transfer to statement of comprehensive income	-	(14,941)
As at 30 June	19,917,648	16,655,480
<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
	24,363,131	21,100,963

Notes to the financial statements

for the year ended 30 June 2011

15. Cash flow information

	Note	2011 \$	2010 \$
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	18,072	18,490
Cash at bank	4	318,677	1,087,020
		336,749	1,105,510
b. Reconciliation of cash flow from operations with surplus after income tax			
Surplus after income tax		20,422,817	5,890,148
Non-cash flows in profit:			
- Depreciation & amortisation		6,966,698	6,247,128
- Net (gain) / loss on disposal of property, plant and equipment		(6,746,736)	(5,472,214)
- Net (gain) / loss on disposal of intangibles		(150,000)	(799,250)
- Capital gain liability on Investment property		274,835	-
Changes in assets and liabilities			
- (Increase)/decrease in trade and other receivables		(2,345,140)	(16,348)
- (Increase)/decrease in prepayments		41,409	(53,349)
- Increase/(decrease) in other non-current assets		(325,000)	(66,255)
- Increase/(decrease) in trade and other payables		48,003	(44,562)
- (Increase)/decrease in trade payable to The Uniting Church in Australia		-	(1,064,237)
- (Increase)/decrease in deferred income		-	(11,000)
- Increase/(decrease) in provisions		652,056	122,843
		18,838,942	4,732,905

Notes to the financial statements

for the year ended 30 June 2011

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 2011 (2010: nil).

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 entity.

Uniting Aged Care does not have any derivative financial instruments at 30 June 2011 (2010: 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 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 2011

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(d).

Liquidity Risk

The entity manages liquidity risk by monitoring forecast cash flows 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 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.

Other Price Risk

The entity is exposed to other price risk in respect to its investments in managed funds in UCA Funds Management (see note 6).

The risk that the managed funds will fluctuate due to changes in market conditions is noted in note 18(d).

(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.

Uniting Aged Care Vic & Tas

Notes to the financial statements

for the year ended 30 June 2011

18 Financial Risk Management (continued)

	Weighted Average		Floating Interest rate		Non Interest Bearing		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	%	%	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Financial assets								
<i>Current</i>								
Cash	0.35%	0.35%	319	1,087	18	18	337	1,105
Receivables	8.87%	7.64%	9,267	4,390	-	-	9,267	4,390
Other receivables	-	-	-	-	3,489	3,387	3,489	3,387
Available for sale financial assets	-	-	-	-	36,561	31,591	36,561	31,591
Held to maturity financial assets	6.05%	4.93%	38,612	53,051	-	-	38,612	53,051
			<u>48,198</u>	<u>58,528</u>	<u>40,068</u>	<u>34,996</u>	<u>88,266</u>	<u>93,524</u>
Financial liabilities								
<i>Current</i>								
Trade and sundry payables	-	-	-	-	11,045	7,742	11,045	7,742
Resident ingoings	-	-	-	-	105,192	101,417	105,192	101,417
			<u>-</u>	<u>-</u>	<u>116,237</u>	<u>109,159</u>	<u>116,237</u>	<u>109,159</u>

Uniting Aged Care Vic & Tas

Notes to the financial statements

for the year ended 30 June 2011

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 managed funds 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 managed funds. 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 statement of financial position 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 2011, 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	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
- Increase in interest rate by 2% (2010: 2%)	964	1,171	964	1,171
- Decrease in interest rate by 2% (2010: 2%)	(964)	(1,171)	(964)	(1,171)

Other Price Risk Sensitivity Analysis

At 30 June 2011, the effect on surplus and equity as a result of changes in market conditions impacting

	Change in Surplus		Change in Equity	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
- Increase in volatility by 20% (2010: 20%)	7,312	6,318	7,312	6,318
- Decrease in volatility by 20% (2010: 20%)	(7,312)	(6,318)	(7,312)	(6,318)

Uniting Aged Care Vic & Tas

Notes to the financial statements

for the year ended 30 June 2011

19 Capital and Leasing Commitments

	2011	2010
	\$	\$
Capital expenditure commitments contracted for:		
Re-development of properties		
- less than 12 months	9,771,294	46,096,000
- greater than 12 months	-	27,828,000
	<u>9,771,294</u>	<u>73,924,000</u>

20 Related Party Transactions

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

Interest was received, on normal commercial terms, by the entity of \$3,522,078 (2010: \$2,864,201) from UCA Funds Management, a division of the Synod. This interest was received in relation to deposits held on behalf of the entity (as disclosed in Note 5).

(b) Russell Kennedy

Legal fees of \$93,108 (2010: \$66,599) were paid to Russell Kennedy on normal commercial terms. Ms Libby Pallot (Principal) is a member of the Board of Governance, who is an employee of this firm.

Uniting Aged Care Vic & Tas

Notes to the financial statements

for the year ended 30 June 2011

20 Related Party Transactions (continued)

(c) McCarthy Psychology Services

Psychology services of \$3,412 (2010: \$2,343) 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.

(d) Uniting Aged Care Tasmania

Interest of \$nil (2010 \$23,318) 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.

(e) Uniting Aged Care Victoria

Interest of \$Nil (2010 \$23,318) was received from Uniting Aged Care Victoria on normal commercial terms and conditions.

21 Key Management Personnel

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

	2011	2010
	\$	\$
Short-term employee benefits	1,510,204	1,607,841
Post employment benefits	133,368	135,637
Termination benefits	19,659	-
	<u>1,663,231</u>	<u>1,743,478</u>

Uniting Aged Care Vic & Tas

Notes to the financial statements

for the year ended 30 June 2011

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		64,318,203	Care employee expenses**		(46,906,216)
Resident Charges		23,977,938	Other Employee expenses		(8,884,703)
Capital Grants		-	Management fees		(11,349,763)
Bond Retentions		1,040,637	Interest expense		(263,054)
Interest Income		4,949,139	Depreciation & amortisation		(5,004,523)
Donations		108,161	Other*		(21,653,572)
Other*		8,859,768			
Total Revenue		103,253,846	Total Expense		(94,061,831)
Segment result					9,192,015

Segment Assets:		Segment Liabilities:***	
Segment current assets	16,166,504	Segment current liabilities	(7,682,810)
Segment non-current assets	152,213,070	Segment non-current liabilities	(76,418,350)
Segment Net Assets:			84,278,414

Segment Liabilities included above:

Accommodation bond liabilities	(74,631,730)
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 Property Plant & Equipment assets and Intangible assets	8,751,342	Cost of disposal of Property Plant & Equipment assets and Intangible assets	(1,854,606)
		Marketing costs	(406,883)
Other Recurring Revenue	108,426	Other Recurring Expenses	(19,392,083)
Total	8,859,768	Total	(21,653,572)

Notes to the financial statements

for the year ended 30 June 2011

23 Events after balance date

Subsequent to the end of the financial year:

Management sold a number of bed licences on 29 July. The proceeds from the sale total \$920,000, with a cost base of \$805,000. 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.

Uniting Aged Care Victoria and Tasmania

Statement by the Board of Governance

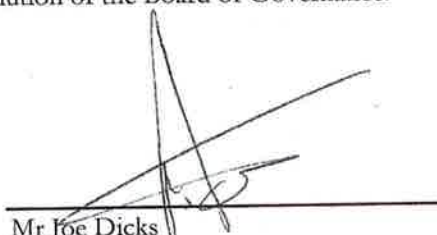
The Board of Governance declares that:

1. The attached financial statement 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 2011 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 Governance's 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.



Dr Alan Wilkinson
Chairman



Mr Joe Dicks
Board Member

Dated this 27th day of September 2011

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Independent Auditor's Report
To the Victorian & 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 2011, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes 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. 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 aggregated 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 aggregated 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 have complied with the applicable independence requirements of the Accounting Professional and Ethical Standards Board.

Auditor's Opinion

In our opinion,

- a the financial report of Uniting Aged Care Victoria & Tasmania
 - i presents fairly, in all material respects, the aggregated entity's financial position as at 30 June 2011 and of its performance and cash flows for the year then ended ; and
 - ii complies with Australian Accounting Standards and the relevant legislation.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Brad Taylor
Director – Audit & Assurance

Melbourne,

Dated this 27th day of September 2011