

MORDIALLOC COMMUNITY NURSING HOME INCORPORATED

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008**

MORDIALLOC COMMUNITY NURSING HOME INCORPORATED

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MORDIALLOC COMMUNITY NURSING HOME INCORPORATED

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008**

	Notes	2008 \$	2007 \$
Revenue from ordinary activities		2,009,623	1,900,200
Employee benefits expense		(1,663,795)	(1,514,436)
Administrative expenses		(37,109)	(36,804)
Nursing Home Services		(264,752)	(255,872)
Depreciation & Amortisation expenses		(56,609)	(53,451)
Therapy expenses		(33,484)	(31,838)
Other expenses from ordinary activities		(4,049)	(1,987)
Borrowing costs expense	2	-	-
Profit / (Loss) from ordinary activities		(50,175)	5,812

The accompanying notes form part of these financial statements.

MORDIALLOC COMMUNITY NURSING HOME INCORPORATED

**BALANCE SHEET
AS AT 30 JUNE 2008**

	Notes	2008 \$	2007 \$
CURRENT ASSETS			
Cash and cash equivalents	3	865,110	519,284
Trade and other receivables	4	78,764	41,326
Other current assets	5	2,863	2,909
TOTAL CURRENT ASSETS		946,737	563,519
NON-CURRENT ASSETS			
Property, plant and equipment	6	250,210	285,445
Financial Assets	13	5,000	5,000
TOTAL NON-CURRENT ASSETS		255,210	290,445
TOTAL ASSETS		1,201,947	853,964
CURRENT LIABILITIES			
Trade and other payables	7	78,474	56,691
Short-Term provisions	8	134,144	116,839
Other current liabilities	9	516,306	135,508
TOTAL CURRENT LIABILITIES		728,924	309,038
NON-CURRENT LIABILITIES			
Long-term provisions	8	93,265	114,993
Other non current liabilities	9	160	160
TOTAL NON-CURRENT LIABILITIES		93,425	115,153
TOTAL LIABILITIES		822,349	424,191
NET ASSETS		379,598	429,773
EQUITY			
Reserves	10	363,423	363,423
Retained earnings	11	16,175	66,350
TOTAL EQUITY		379,598	429,773

The accompanying notes form part of these financial statements.

MORDIALLOC COMMUNITY NURSING HOME INCORPORATED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 \$	2007 \$
EQUITY			
Balance at beginning of the financial year		429,773	423,961
Retrospective adjustment upon change in accounting policy			-
Net profit (loss) for the year		(50,175)	5,812
Balance at end of the financial year		379,598	429,773
Represented by:			
Reserves:			
Capital Improvement Reserve			
Balance at beginning of the financial year		363,423	249,109
Transfer to and (from) Reserves		-	114,314
Balance at end of the financial year		363,423	363,423
Retained Earnings			
Balance at beginning of the financial year		66,350	174,852
Retrospective adjustment upon change in accounting policy		-	-
Net profit (loss) for the year		(50,175)	5,812
Transfers (to) and from Reserves		-	(114,314)
Balance at end of the financial year		16,175	66,350

The accompanying notes form part of these financial statements.

MORDIALLOC COMMUNITY NURSING HOME INCORPORATED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008**

	Notes	2008 \$	2007 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from residents		890,822	594,987
Operating grant receipts		1,371,601	1,293,250
Donations received		310	6,247
Receipts from other income		351	13,411
Payments to suppliers and employees		(1,949,246)	(1,793,903)
Interest received and retention on bonds		53,361	28,030
Borrowing costs		-	-
Net cash provided by operating activities	16 (b)	367,199	142,022
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(21,373)	(61,208)
Net cash used in investing activities		(21,373)	(61,208)
Net increase / (decrease) in cash held		345,826	80,814
Cash at beginning of financial year		519,284	438,470
Cash at end of financial year	16 (a)	865,110	519,284

The accompanying notes form part of these financial statements.

MORDIALLOC COMMUNITY NURSING HOME INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial report is for the entity Mordialloc Community Nursing Home Incorporated as an individual entity. Mordialloc Community Nursing Home Incorporated is an association incorporated in Victoria under the Associations Incorporations Act (Vic) 1981.

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

Basis of Preparation

International Financial Reporting Standards ("IFRSs") form the basis of Australian Accounting Standards ("AASBs") adopted by the AASB, and for the purpose of this report is called Australian equivalents to IFRS ("AIFRS") to distinguish from previous Australian GAAP. The financial report of the association also complies with IFRSs and interpretations adopted by the International Accounting Standards Board. The association's financial report is prepared in accordance with Australian Accounting Standards, being AIFRS.

The financial report has been prepared on an accruals basis and is based on historical costs. It does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Accounting Policies

(a) Income Tax

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

(b) Property, Plant and Equipment

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

Plant and Equipment

Plant and equipment are measured on the cost basis.

Depreciation

The depreciable amount of all fixed assets are depreciated over the useful lives of the assets to the association commencing from the time the asset was held ready for use. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

(c) Employee Benefits

Provision is made for the association's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

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

(d) Cash

For the purposes of the Cash Flow Statement, cash includes cash on hand, at banks and on deposit.

MORDIALLOC COMMUNITY NURSING HOME INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Goods and Services Tax (GST)

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

(f) Grants and other contributions

Operational grants and other contributions are recognised as revenues when the association obtains control over the assets comprising the grants/contributions and fulfils the services and obligations in respect of those grants/contributions. Where grants or contributions which were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at reporting date, the balance of unexpended contributions are carried forward as deferred income and reflected under current liabilities as prepaid grants or contributions.

Note	2008 \$	2007 \$
NOTE 2: PROFIT FROM ORDINARY ACTIVITIES:		
Profit (losses) from ordinary activities has been determined after		
(a) Expenses:		
Borrowing costs:		
- other persons	-	-
Depreciation of non-current assets		
- Leasehold improvements	36,927	36,934
- Furniture, fixtures and fittings	2,008	1,145
- Computer and Office Equipment	5,066	4,758
- Other capital assets	12,607	10,614
Total Depreciation	56,608	53,451
Bad and doubtful debts:		
- doubtful debts	-	-
Remuneration of the auditors for:		
- audit or review services	3,570	3,150
- other services	1,450	1,350
	5,020	4,500
(b) Revenue and Net Gains		
Net gain on disposal of non-current assets		
- property, plant and equipment	-	-
(c) the following significant revenue and expense items		
Write-back of provision for asset maintenance and replacement	29,764	-
NOTE 3: CASH & CASH EQUIVALENTS		
Cash on hand	1,548	1,832
Cash at bank	39,281	32,347
Term Deposits	824,281	485,105
	865,110	519,284

MORDIALLOC COMMUNITY NURSING HOME INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

Note	2008 \$	2007 \$
NOTE 4: TRADE & OTHER RECEIVABLES		
CURRENT		
Residents fees & charges	45,057	32,560
Owing by City of Kingston	-	-
Less provision for doubtful debts	-	-
Other debtors	33,707	8,766
	78,764	41,326
NOTE 5: OTHER CURRENT ASSETS		
CURRENT		
Prepayments	2,863	2,909
NOTE 6: PROPERTY, PLANT AND EQUIPMENT		
LEASEHOLD IMPROVEMENTS		
At cost	369,605	369,605
Less accumulated amortisation	(215,830)	(178,903)
	153,775	190,702
COMPUTER & OFFICE EQUIPMENT		
At cost	29,461	27,831
Less accumulated depreciation	(19,216)	(14,150)
	10,245	13,681
FURNITURE, FIXTURES AND FITTINGS		
At cost	27,563	24,784
Less accumulated depreciation	(17,426)	(15,418)
	10,137	9,366
OTHER CAPITAL ASSETS		
At cost	139,345	122,380
Less accumulated depreciation	(63,292)	(50,684)
	76,053	71,696
Total property, plant and equipment	250,210	285,445

(b) Movements in Carrying Amounts

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

	Leasehold improvements	Furniture, fixtures & fittings	Computer & Office equipment	Other capital assets	Total
	\$	\$	\$	\$	\$
2008					
Balance at the beginning of the year	190,702	9,366	13,681	71,696	285,445
Additions	-	2,779	1,630	16,965	21,374
Depreciation expense	(36,927)	(2,008)	(5,066)	(12,608)	(56,609)
Carrying amount at end of year	153,775	10,137	10,245	76,053	250,210

MORDIALLOC COMMUNITY NURSING HOME INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 \$	2007 \$
NOTE 7: TRADE & OTHER PAYABLES			
CURRENT			
Unsecured liabilities			
Trade creditors		28,568	27,190
Sundry creditors and accruals		49,906	29,501
		78,474	56,691
NOTE 8: PROVISIONS			
SHORT-TERM			
Employee benefits	8(a)	134,144	116,839
LONG-TERM			
Employee benefits	8(a)	93,265	85,229
Provision for Asset Maintenance & Replacement		-	29,764
		93,265	114,993
(a) Aggregate employee benefits liability		227,409	202,068
NOTE 9: OTHER CURRENT LIABILITIES			
CURRENT			
Deferred income		44,680	37,786
Residents Bonds		470,579	96,390
Grants received in advance		-	-
Other current liabilities		1,047	1,332
		516,306	135,508
NON-CURRENT			
Grants received in advance		160	160
NOTE 10: RESERVES			
Capital improvements reserve	(a)	363,423	363,423
(a) Capital improvements reserve			
Movements during the financial year:			
Opening balance		363,423	249,109
Transfer from retained earnings		-	114,314
Closing balance		363,423	363,423

The above reserve represents amounts set aside from resident's accommodation charges for future major asset replacement and improvements for residents of the nursing home.

MORDIALLOC COMMUNITY NURSING HOME INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

Note	2008 \$	2007 \$
NOTE 11: RETAINED EARNINGS		
Retained earnings at the beginning of the financial year	66,350	174,852
Net profit (loss) for the year	(50,175)	5,812
Less Transfer to Capital Improvements Reserve	-	(114,314)
Retained earnings at the end of the financial year	16,175	66,350
NOTE 12: CAPITAL AND LEASING COMMITMENTS		
(a) Capital expenditure commitments contracted for:		
- plant and equipment purchases	-	-
	-	-
NOTE 13: FINANCIAL ASSETS		
Available for sale financial assets comprise:		
Unlisted investments at fair value –		
Shares in Parkdale/Mentone East Community Branch Limited	5,000	5,000
	5,000	5,000

The above shares were donated to the Nursing Home as at the 30th June 2006 and are reflected at fair value as at that date.

NOTE 14: EVENTS SUBSEQUENT TO REPORTING DATE

The Association (Nursing Home) currently occupies leased premises under a lease agreement with the City of Kingston for a twenty one year period (commencing 1st April 1990). The lease agreement provides for an initial annual rental payable of \$85,500 (with provision for annual market reviews). For the expired period of the lease to date, the municipality has not charged nor sought to collect annual rental payments provided for under the lease. The Association is currently negotiating with the municipality with respect to the question of future (and potential retrospective) rental payments to be made by the Association. Depending on the outcome of these negotiations, it is anticipated that the maximum rental payments that may be required to be paid is in the order of those provided for under the existing lease agreement (subject to market reviews).

The Committee of Management is of the opinion that if market rent is applied as provided under the current lease (or retrospective rentals charged), this will have a substantial adverse impact on the financial performance of the Nursing Home in future periods.

NOTE 15: SEGMENT REPORTING

The Nursing Home operates within the State of Victoria.

MORDIALLOC COMMUNITY NURSING HOME INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

Note	2008 \$	2007 \$
NOTE 16: CASH FLOW INFORMATION		
(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	1,548	1,832
Cash at bank	39,281	32,347
At call and term deposits with financial institutions	824,281	485,105
	865,110	519,284
(b) Reconciliation of cash flow from operations with profit from ordinary activities after income tax		
Surplus (Deficit) from ordinary activities after income tax	(50,175)	5,812
Non-cash flows in profit from ordinary activities		
Depreciation	56,608	53,451
Write-back of provision for asset maintenance and replacement	(29,764)	
Donation of Shares – Non Cash	-	-
Changes in assets and liabilities		
(Increase) / Decrease in receivables	(37,438)	1,078
(Increase) / Decrease in other assets	46	(1,636)
Increase / (Decrease) in grants and fees received in advance	6,894	(57,548)
Increase / (Decrease) in payables and residents bonds	395,687	104,711
Increase / (Decrease) in provisions	25,341	36,154
Cash flows from / (used) in operations	367,199	142,022

NOTE 17: FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The association's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate %	Floating Interest Rate \$	Fixed Interest Rate Maturities 1 year or less \$	1 to 5 years \$	Non Interest Bearing \$	Total \$
30 June 2008						
Assets:						
Cash assets	8,2%	40,270	824,841		-	865,111
Receivables					78,764	78,764
Investments					5,000	5,000
		40,270	824,841		83,764	948,875
Liabilities:						
Payables					54,379	54,379
Income received in advance and residents deposits		-	-	-	516,465	516,465
		-	-	-	570,844	570,844
Net financial assets/ (liabilities)		40,270	824,841	-	(487,080)	378,031
30 June 2007						
Total financial assets	6%	32,251	487,033	-	46,326	565,610
Total financial liabilities		-	-	-	192,359	192,359
Net financial assets/ (liabilities)		32,251	487,033	-	(146,033)	372,251

MORDIALLOC COMMUNITY NURSING HOME INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

NOTE 18: ASSOCIATION DETAILS

The principal place of business of the association is:
Mordialloc Community Nursing Home Incorporated
10 Brindisi Street,
Mentone Vic 3194

MORDIALLOC COMMUNITY NURSING HOME INCORPORATED

STATEMENT BY MEMBERS OF THE COMMITTEE

In the opinion of the committee the financial report:

1. Presents a true and fair view of the financial position of Mordialloc Community Nursing Home Incorporated as at 30 June 2008 and its performance for the financial year ended on that date in accordance with the Australian Accounting Standards and other mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards Board.
2. At the date of this statement, there are reasonable grounds to believe that Mordialloc Community Nursing Home Incorporated will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the committee and is signed for and on behalf of the Committee by:

Dated this day of September 2008

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF MORDIALLOC COMMUNITY NURSING HOME INCORPORATED

Scope

I have audited the attached financial report comprising the Income Statement, Balance Sheet, Cash Flow Statement, Statement of Changes in Equity, Notes to the financial statements and the Statement by Members of the Committee of Mordialloc Community Nursing Home Incorporated for the year ended 30th June 2008. The Association's Committee of Management is responsible for the preparation and true and fair presentation of the financial report in accordance with the Associations Incorporation Act (Victoria). This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. I have conducted an independent audit of the financial report in order to express an opinion to the members of Mordialloc Community Nursing Home Incorporated on its preparation and presentation.

My audit has been conducted in accordance with Australian Auditing Standards. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, requirements of the Associations Incorporation Act (Victoria) and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with my understanding of the association's financial position and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Qualification

As detailed in Note 14 to the financial statements, the Association is seeking to renegotiate its lease of premises with the City of Kingston. At the date of this report, the negotiations have not been finalised and depending on their outcome the Association may potentially be required to pay future lease rentals at current market rates.

Without continuing financial support from the City of Kingston in the form of concessional lease rentals and other subsidies, there is significant uncertainty whether it will be able to continue as a going concern. If the Association is unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report. The financial report does not disclose this fact and does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Association not continue as a going concern. In my opinion, knowledge of the significant uncertainty affecting the Association's ability to continue as a going concern is necessary for a proper understanding of the financial report.

Qualified Audit Opinion

In my opinion, except for the effects on the financial report of the matter referred to in the qualification paragraph, the financial report presents a true and fair view in accordance with Applicable Accounting Standards and other mandatory professional reporting requirements in Australia of the financial position of Mordialloc Community Nursing Home Incorporated as at 30 June 2008 and the results of its operations and its cash flows for the year then ended.

Dated at Melbourne this day of September 2008

J. W. WOODWARD
Chartered Accountant

**DISCLAIMER TO THE MEMBERS OF
MORDIALLOC COMMUNITY NURSING HOME INCORPORATED**

The additional financial data following is in accordance with the books and records of the association which have been subjected to the auditing procedures applied in our statutory audit of the association for the financial year ended 30 June 2008. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and we give no warranty of accuracy or reliability in respect of the data provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than Mordialloc Community Nursing Home Incorporated) in respect of such data, including any errors of omissions therein however caused.

Dated at Melbourne this day of September 2008

J. W. WOODWARD
Chartered Accountant

MORDIALLOC COMMUNITY NURSING HOME INCORPORATED
INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	2008 \$	2007 \$
INCOME		
Grants Received		
Commonwealth Department of Health and Aged Care Residential Aged Care Service payments	1,310,092	1,285,266
CAPS Grant - DOHA	88,282	55,583
Other training grants	1,500	1,500
	1,399,874	1,342,349
Other Income		
Resident Fees and Charges	522,236	509,451
Bequests and Donations	310	6,247
Interest received and retention on bonds	57,088	28,742
Write Back of provision for asset maintenance and replacement	29,764	
Sundry income	351	13,411
	609,749	557,851
Total Income	2,009,623	1,900,200
Expenditure		
Salaries and Wages (inc. Agency Staff)	1,448,687	1,308,511
Superannuation	122,648	106,944
Workcover	56,998	51,355
Provisions for Employee Benefits	25,341	36,154
Staff related costs	10,122	11,473
Auditor's remuneration	5,020	4,500
Accounting and external bookkeeping	3,500	5,500
Accreditation costs	-	-
Computer software and support	-	5,387
Consultancy	1,770	-
Depreciation	19,681	16,517
Amortisation of Leasehold Building Renovations	36,927	36,934
Doubtful Debts provision	-	-
Finance costs (bank charges & interest)	3,162	1,337
Memberships, Licenses & Subscriptions	10,158	5,401
Other Administration Expenses	1,470	961
Contract Cleaning, Domestic and Laundry Costs	99,298	98,169
Utilities (Electricity, Gas, Water, Emergency Services)	29,423	31,733
Insurance	5,522	5,644
Medical and Paramedical Supplies	64,359	62,123
Residents Recreation costs	1,823	1,693
Food and Program Client Expenses	76,235	75,256
Postage, printing and stationery	4,527	4,891
Repairs and Maintenance	29,703	20,009
Telephone & Internet	3,424	3,896
	2,059,798	1,894,388
Total Expenditure	2,059,798	1,894,388
NET SURPLUS (DEFICIT) FOR YEAR	(50,175)	5,812

These financial statements should be read in conjunction with the attached Disclaimer.