

FINANCIAL REPORT
2010/11



MISSION, VALUES & VISION

MISSION

Our mission is to enrich the lives of people in our care.

VALUES

Our Residents are valued and are treated with dignity, respect and understanding, offered choice and are encouraged to exercise their independence.

Our staff are valued and through integrity, empathy and compassion contribute to the quality of life of our Residents.

We value all stakeholders and relate to them with integrity and openness, and are responsive to the needs of the local community. We value the environment and the effective use of resources to deliver quality care.

FOUNDATION OF CARE

Our care and services are individualised and are continually reviewed and improved.

VISION

To be a centre for excellence.

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Board Acknowledgment of Operating Result

For the year ended 30 June 2011

Shepparton Retirement Villages Inc.
ABN 94 314 031 069
Board's Report
For the year ended 30 June 2011

The Members of the Board herewith submit the financial report of Shepparton Retirement Villages Inc. for the financial year ended 30 June 2011.

Board Members

The names of Board members throughout the year and at the date of this report are:

Graham Hill (OAM)
David Fordyce
Barry Campbell
David McKenzie
Frank Metzke
Stephen Merrylees
Merushe Asim
Selina Quilty
Jenny McCaffrey
Bruce Lloyd (AM)
Julie Green
Frank Dawson

Principal activities

The principal activities of the association during the course of the financial year were to provide residential aged care and independent living unit accommodation.

Significant changes

No significant changes in the nature of these activities occurred during the year.

Operating Results

The profit/(loss) from ordinary activities for the year amount to \$1,100,062 compared to the 2010 profit/(loss) from ordinary activities of \$845,394.

Signed in accordance with a resolution of the Members of the Board.



G.O. Hill (OAM)



F. J. Metzke

Dated this 9th day of September 2011

Statement of Comprehensive Income

For the year ended 30 June 2011

	Note	2011 \$	2010 \$
Revenue			
Revenue from Operating Activities	2	17,819,245	16,640,454
Revenue from Non Operating Activities	2	3,785,168	3,253,250
		21,604,413	19,893,704
Expenditure			
Employee Benefits Expense	3	(13,383,816)	(12,249,249)
Depreciation Expense	3	(2,514,393)	(2,500,495)
Other Expenses	3	(4,606,142)	(4,298,566)
		(20,504,351)	(19,048,310)
Profit for the year		1,100,062	845,394
Income Tax Expense	1.1	-	-
Profit After Income Tax		1,100,062	845,394
Other Comprehensive Income			
Net (loss)/gain on revaluation of non-current assets		-	-
Other comprehensive Income for the year		-	-
Total comprehensive Income for the year		1,100,062	845,394
Total comprehensive income attributable to members of the entity		1,100,062	845,394

Balance Sheet

As at 30 June 2011

	Note	2011 \$	2010 \$
Current Assets			
Cash and Cash Equivalents	4	360,168	573,080
Other Financial Assets	5	17,306,683	14,896,208
Trade & Other Receivables	6	3,297,035	2,265,900
Inventories		104,724	89,650
		21,068,610	17,824,838
Non Current Assets			
Property, Plant & Equipment	7	45,479,503	46,801,408
Intangibles	8	11,437,874	11,437,874
		56,917,377	58,239,282
Total Assets		77,985,987	76,064,120
Current Liabilities			
Trade and Other Payables	9	1,023,045	819,843
Funds Held on behalf of Residents		119,411	132,714
Provisions	10	2,481,027	2,184,304
Accommodation Bonds Aged Care Facilities	1.10	6,484,200	6,749,154
Loans - Independent Living Units	1.11	1,211,962	1,816,136
		11,319,645	11,702,151
Non Current Liabilities			
Provisions	10	598,170	499,150
Accommodation Bonds Aged Care Facilities	1.10	15,823,385	14,781,597
Loans - Independent Living Units	1.11	25,070,300	25,006,797
		41,491,855	40,287,544
Total Liabilities		52,811,500	51,989,695
Net Assets		25,174,487	24,074,425
Equity			
Retained Earnings		25,174,487	24,074,425
Total Equity		25,174,487	24,074,425

Statement of Changes in Equity

For the year ended 30 June 2011

	Note	Retained Earnings \$	Total \$
Balance at 1 July 2009		23,229,031	23,229,031
Profit for the year		845,394	845,394
Balance at 30 June 2010		24,074,425	24,074,425
Profit for the year		1,100,062	1,100,062
Balance at 30 June 2011		25,174,487	25,174,487

Cashflow Statement

For the year ended 30 June 2011

	Note	2011 \$	2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts From Residents & Government		18,522,107	17,256,205
Receipts From Fundraising Activities		342,416	461,845
Payments to Suppliers & Employees		(17,751,744)	(16,743,352)
GST Recovered		351,380	406,382
Interest Received		768,788	500,118
Net cash provided by / (used) in operating activities	20	2,232,947	1,881,198
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for Property, Plant & Equipment		(1,308,344)	(1,972,735)
Net Purchase - Investments		(2,410,475)	(1,707,532)
Proceeds from Sale of Property Plant & Equipment		104,443	69,209
Net cash provided by / (used) in investing activities		(3,614,376)	(3,611,058)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase from Residents Loans & Ingoings		1,181,820	1,504,651
Funds held on behalf of Residents		(13,303)	563
Net cash Provided by / (used) in financing activities		1,168,517	1,505,214
Net (Decrease)/Increase in Cash Held		(212,912)	(224,646)
Cash & Cash Equivalents at the beginning of financial year		573,080	797,726
Cash & Cash Equivalents at the end of financial year	4	360,168	573,080

Notes to the Financial Statements

For the year ended 30 June 2011

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements cover Shepparton Retirement Villages Inc as an individual entity. Shepparton Retirement Villages Inc is an association incorporated in Victoria under the Associations Incorporation Act 1981.

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Associations Incorporation Act 1981.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The financial statements were authorised for issue on 16 August 2011 by the members of the association.

Accounting Policies

1.1 Income Tax

In accordance with the provisions of the Australian Income Tax Assessment Act, the Incorporated Body is exempt from income tax. As at the 30th June 2000 the Incorporated Body has been endorsed as an Income Tax Exempt Charity (ITEC) under A New Tax (Goods and Services Tax) Act 1999.

1.2 Inventories

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

1.3 Property, Plant and Equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of property, plant and equipment is reviewed annually by the Association to ensure it is not in excess of the recoverable amount from these assets.

The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

The cost of fixed assets constructed within the Association includes the cost of materials and direct labour where

applicable. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Association and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

Assets with a cost in excess of \$1,000 (2009-10 and 2010-11) are capitalised. Fixed assets are depreciated on a straight line basis over the useful lives of the assets commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable asset are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Plant and Equipment	6.67% - 10.0%
Office Equipment	20%

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

Impairment Of Assets

At the end of each reporting period, the association assesses whether there is any indication that an asset may be impaired. The assessment will consider both external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of that asset, being the higher of the asset's fair value less costs to sell and its value-in-use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is immediately recognised in profit or loss.

1.4 Intangibles

It was resolved by the Board of Directors for the year ended 30th June 2006 to value and record in the financial statements bed licences not previously recognised, in accordance with AASB 138: Intangible Assets. The resolution determined that any pre October 1997 bed licence's granted to the Association be valued at \$44,000 per bed, and that any post October 1997 bed licence granted to the Association be valued at \$40,000 per bed (refer note 8).

The carrying amounts for bed licences detailed in the accounts for the year ended 30th June 2011 has been tested for impairment. The current market value of these bed licences is greater than the carrying value.

1.5 Financial Instruments

Recognition and measurement

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

Notes to the Financial Statements

For the year ended 30 June 2011

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

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted. Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest rate method. The association does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

Loans and receivables

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

Available for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (ie gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Financial liabilities

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

Impairment

At the end of each reporting period, the association assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are immediately recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

1.6 Employee Benefits

Employee benefit liabilities are based on pay rates expected to apply when the obligation is settled. On costs such as work cover and superannuation are included in the calculation of leave provisions.

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries and annual 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.

Classification of employee benefits as current and non-current liabilities

Employee benefit provisions are reported as current liabilities where the Association does not have an unconditional right to defer settlement for at least 12 months. Consequently, the current portion of the employee benefit provision can include both short-term benefits, that are measured at nominal values, and long term benefits, that are measured at present values.

Employee benefit provisions that are reported as non-current liabilities include long-term benefits such as non vested long service (ie where the employee does not have a present entitlement to the benefit) that do not qualify for recognition as a current liability, and are measured at present values. Contributions are made by the Association to an employee superannuation fund and are charged as expenses when incurred.

1.7 Cash and Cash Equivalents

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

1.8 Revenue

Revenue from the provision of services is recognised upon the delivery of those services to clients. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

1.9 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 an item of the expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities which are disclosed as operating cash flows.

Notes to the Financial Statements

For the year ended 30 June 2011

1.10 Resident Accommodation Bonds Residential Care

On admission to a Residential Care facility, some residents pay an Accommodation Bond. The Association is entitled to retain part of each Accommodation Bond depending on how long the resident remains in the Residential Care Facility. The maximum amount that can be retained is \$3,816 per annum, calculated on a monthly basis.

The amount of \$6,484,200 classed as a current liability in the Balance Sheet for Accommodation Bonds is the estimated amount refundable to residents in the forthcoming financial year based on average departures over the last 3 years. The amount of \$15,823,385 classed as a non current liability in the Balance Sheet for Accommodation Bonds is the balance refundable for those residents who are anticipated to remain in occupancy for greater than 12 months from 30 June 2011. In the normal course of events Accommodation Bonds Liabilities repaid on a Resident's departure are subsequently replaced by another Accommodation Bond from a new resident.

1.11 Resident Loans Independent Living Units

On admission to an Independent Living Unit, some residents pay a loan. For those residents that entered the village after June 1997, and who paid a loan, the Association is entitled to retain part of the loan. The maximum amount as at 30th June 2011 that can be retained annually is 5.0% of the original entry contribution. The Association is entitled to draw down the retention for a maximum of 5 years.

The amount of \$1,211,962 classed as a current liability in the Balance Sheet for Loans Independent Living Units is the estimated amount refundable to residents in the forthcoming financial year based on average departures over the last 3 years. The amount of \$25,070,300 classed as a non current liability in the Balance Sheet for Resident Ingoing Loans is the balance refundable for those residents who are anticipated to remain in occupancy for greater than 12 months from 30 June 2011. In the normal course of events Ingoing Loan Liabilities repaid on a Resident's departure are subsequently replaced by another Ingoing Loan from a new resident.

1.12 Segment Reporting

Segment revenues are those directly attributable to the segments. Interest income derived from investments is not apportioned to the segments but is applied to the total operating income for the Association. Expenses, where identified, are directly applied to the segment. Where shared segment expenses apply, those expenses are allocated on a reasonable basis of apportionment. Segment assets include both current and non current assets directly related to the segment and consist primarily of outstanding accommodation bonds and ingoing loans, property, plant and equipment. Investments have been reallocated on a reasonable basis of apportionment as the Association does not maintain separate bank accounts or investments for each segment. Segment liabilities include both current and non current liabilities and consist primarily of resident ingoing loans and accommodation bonds. Aged Care Employee expenses are directly applied to the segment. Other Employee expenses have been reallocated on a reasonable basis of apportionment. All other assets and liabilities are treated as unallocated corporate assets or liabilities.

1.13 Comparative Figures

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

1.14 Trade and Other Payables

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

1.15 New Accounting Standards for Application in Future Periods

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The association has decided against early adoption of these standards as they will not have any significant impact on future financial reports.

Notes to the Financial Statements

For the year ended 30 June 2011

	2011 \$	2010 \$
Note 2: Revenue		
Operating Activities:		
Fees from Residents	5,484,593	5,120,979
Government Subsidies For Care Delivery	12,025,605	11,365,717
Other	309,047	153,758
Total Revenue From Operating Activities	17,819,245	16,640,454
Non Operating Activities:		
Proceeds from Fundraising Activities	342,416	461,845
Interest on Investments	1,076,858	694,404
Retention on Resident Loans & Bonds	945,657	965,980
Resident Non Operating Fees	245,849	223,191
Government Capital Supplements	876,052	748,755
Proceeds from Sale of Property, Plant & Equipment	104,442	69,209
Other Non Operating Income	193,894	89,866
Total Revenue From Non Operating Activities	3,785,168	3,253,250
Total Revenue	21,604,413	19,893,704

Notes to the Financial Statements

For the year ended 30 June 2011

	2011 \$	2010 \$
Note 3: Expenses		
Employee Benefits:		
Salaries & Wages	10,681,557	9,925,278
Employee Provisions	1,294,331	1,105,504
Superannuation	1,012,728	932,319
Workcover	395,200	286,148
Total Employee Benefits	13,383,816	12,249,249
Depreciation:		
Depreciation - Site Improvements	76,799	71,872
Depreciation - Buildings	1,496,592	1,512,726
Depreciation - Property, Plant, & Equipment	841,903	840,974
Depreciation - Motor Vehicles	99,099	74,923
Total Depreciation	2,514,393	2,500,495
Other Expenses:		
Medical / Care provisions	468,017	424,519
Hotel Service provisions	440,784	417,555
Food Provisions	948,190	910,926
Heating & Cooling	385,449	368,602
Refurbishment costs	179,739	198,149
Repairs & Maintenance	339,539	350,882
Disposals at Cost	115,855	83,685
Auditors Remuneration	11,958	8,681
Insurance	187,312	178,995
Staff Training	177,799	184,902
Water & Municipal Rates	311,424	351,265
Computer & Communication	115,761	113,956
Other Expenses	924,315	706,449
Total Other Expenses	4,606,142	4,298,566
Total Expenses	20,504,351	19,048,310

Notes to the Financial Statements

For the year ended 30 June 2011

	2011 \$	2010 \$
Note 4: Cash and Cash Equivalents		
Cash on Hand	2,350	2,350
Cash at Bank	357,818	570,730
Total Cash & Cash Equivalents	360,168	573,080

Reconciliation of Cash

Cash at the end of the financial year as shown in the cashflow statement is reconciled to the items in the balance sheet as follows:

Cash & Cash Equivalents	360,168	573,080
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Note 5: Other Financial Assets

Available for sale		
Interest Bearing Bank Deposits	15,866,502	13,456,027
Commonwealth Bank Sub Debt Bonds	1,440,181	1,440,181
Total Financial Assets	17,306,683	14,896,208

Note 6: Trade & Other Receivables

Trade receivables	2,542,558	1,826,701
Prepayments	133,659	127,969
GST Receivable	37,410	35,892
Interest Receivable	583,408	275,338
Total Receivables	3,297,035	2,265,900

(a) Analysis of ageing of receivables is disclosed at note 21(b)

Notes to the Financial Statements

For the year ended 30 June 2011

	2011 \$	2010 \$
Note 7: Property, Plant & Equipment		
Land - at Cost	1,847,049	1,887,863
Site Improvements - at Cost	1,018,041	959,085
Less: Accumulated Depreciation	(421,408)	(344,609)
	596,633	614,476
Buildings - at Cost	47,871,620	47,834,574
Less: Accumulated Depreciation	(12,505,594)	(11,154,526)
	35,366,026	36,680,048
Plant & Motor Vehicles - at Cost	14,981,778	14,479,363
Less: Accumulated Depreciation	(7,981,733)	(7,205,238)
	7,000,045	7,274,125
Work In Progress - At Cost	669,750	344,896
	669,750	344,896
Total Property, Plant & Equipment	45,479,503	46,801,408

Movements in carrying amounts

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

	Land	Site Improvements	Buildings	Plant/Motor Vehicles	Work in Progress	Total
2011	\$	\$	\$	\$	\$	\$
Balance at the beginning of year	1,887,863	614,476	36,680,048	7,274,125	344,896	46,801,408
Additions	-	58,956	182,570	741,963	324,854	1,308,343
Disposals	(40,814)	-	-	(75,041)	-	(115,855)
Transfers	-	-	-	-	-	-
Depreciation expense	-	(76,799)	(1,496,592)	(941,002)	-	(2,514,393)
Carrying amount at the end of the year	1,847,049	596,633	35,366,026	7,000,045	669,750	45,479,503
2010						
Balance at the beginning of year	1,741,492	535,977	37,581,184	7,524,000	30,200	47,412,853
Additions	146,371	162,375	608,385	737,703	317,901	1,972,735
Disposals	-	(12,004)	-	(71,681)	-	(83,685)
Transfers	-	-	3,205	-	(3,205)	-
Depreciation expense	-	(71,872)	(1,512,726)	(915,897)	-	(2,500,495)
Carrying amount at the end of the year	1,887,863	614,476	36,680,048	7,274,125	344,896	46,801,408

Notes to the Financial Statements

For the year ended 30 June 2011

Note 8: Intangibles

	No. of Licences	Note	2011 \$	2010 \$
a) Bed Licences at Cost:		1.4		
Existing Licences	82		3,294,874	3,294,874
Adjustment for Impairment	-		(65,000)	(65,000)
Licences at Cost	-		3,229,874	3,229,874
b) Licences at Director Valuation:				
Pre Oct 97 Licences	162		7,128,000	7,128,000
Post Oct 97 Licences	27		1,080,000	1,080,000
Licences at Directors Valuation	189		8,208,000	8,208,000
Total Value of Bed Licences	271		11,437,874	11,437,874

Note 9: Payables

Creditors & Accruals	1,023,045	819,843
Total Payables	1,023,045	819,843

Note 10: Provision for Employee Benefits (note 1.6)

Current

Employee Benefits		
- annual leave	1,175,948	1,084,393
- long service leave:		
a) Expected to be settled within twelve months	120,031	21,600
b) Expected to be settled later than twelve months	1,185,048	1,078,311
Total Current Provisions Employee Benefits	2,481,027	2,184,304

Non Current

Employee Benefits		
- long service leave	598,170	499,150
Total Non-Current Provisions Employee Benefits	598,170	499,150

Notes to the Financial Statements

For the year ended 30 June 2011

	2011 \$	2010 \$
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Note 11: Contingent Liabilities and Assets

There are no known contingent liabilities or assets at the date of this report.

Note 12: Capital Commitments

Under various contracts, and estimates for works and services, the value of the commitments of the Association for Capital Expenditure for the supply of works and materials at 30 June is:

4,493,954

233,466

Note 13: Prudential Compliance Statement - Aged Care Act

The Association meets the requirements of Prudential Compliance Statements as set down in the Aged Care Act 1997, and in clause 23.40B of the User Rights Principles 1997 Amendment No. 7.

Note 14: Aged Care Accreditation Standards

The Association operates 4 Residential Aged Care Services under the Commonwealth Government Aged Care Act (1997). All Services have a 3 year accreditation status and have achieved all of the accreditation outcome standards.

Note 15: Compliance Statement - Section 34 Retirement Villages Act

The Association meets the requirements of Section 34 (1) (a) & (b), of the Retirement Villages Act pertinent to the repayment of ingoing contributions and that a compliance statement is issued annually to residents.

Note 16: Related Party Disclosures

During the year ended 30 June 2011, the Association did not have any transactions with related parties.

Notes to the Financial Statements

For the year ended 30 June 2011

2011
\$

2010
\$

Note 17: Events Occuring after Balance date

The Board Members are unaware of any events that have occurred after balance date which will materially effect the financial position disclosed at 30 June 2011.

Note 18: Remuneration of Responsible Persons

(a) Names of Board Members who held office during the year ended 30th June 2011 are:

Graham Hill (OAM) (President)
 David Fordyce
 Barry Campbell
 David McKenzie
 Frank Metzke
 Stephen Merrylees
 Merushe Asim
 Selina Quilty
 Jenny McCaffrey
 Bruce Lloyd (AM)
 Julie Green
 Frank Dawson

(b) All members of the Board of Management acted in a voluntary capacity and received no remuneration for their roles as Board Members.

(c) Remuneration of Key Management Personnel

Any persons having authority and responsibility for planning, directing and controlling the activities of the association, directly or indirectly, including its committee members, are considered key management personnel.

Number of Key Management Personnel	3	3
Key Management Personnel Compensation:		
Short term benefits	460,757	424,275
Post employment benefits	243,381	196,222
Total Benefits	704,138	620,497

Notes to the Financial Statements

For the year ended 30 June 2011

	Residential Aged Care		Independent Living Units		Total Operating Result	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000

Note 19: Segmented Reporting (note 1.12)

(a) Primary Reporting - Business Segments

Revenue

Resident Charges	4,469	4,115	1,219	1,181	5,688	5,296
G'Ment Subsidies	12,902	12,151	-	-	12,902	12,151
Capital Grants	-	-	-	-	-	-
Retentions	409	384	537	582	946	966
Other	92	72	42	47	134	119
Total Segment Revenue	17,872	16,722	1,798	1,810	19,670	18,532

Expense

Care Employee Expenses	8,537	7,818	-	-	8,537	7,818
Other Employee Expenses	4,123	3,751	649	596	4,772	4,347
Management Fees	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-
Depreciation	1,153	1,122	965	989	2,118	2,111
Other	3,181	3,157	662	661	3,843	3,818
Total Segment Expense	16,994	15,848	2,276	2,246	19,270	18,094

Result

Segment result	878	874	(478)	(436)	400	438
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Revenue & Expense not allocated to Segments

Interest Income - Investments					1,077	694
Interest Income - Bonds					102	17
Other					755	651
Total Unallocated Revenue					1,934	1,362

Expense

Interest Expense - Bonds					80	67
Depreciation					396	389
Other					758	499
Total Unallocated Expense					1,234	955
Profit					1,100	845

Other Information

Segment Current Assets	10,321	8,608	9,964	8,700	20,285	17,308
Segment Non Current Assets	37,328	37,874	15,876	16,019	53,204	53,893
Unallocated Corporate Assets					4,497	4,863
Total assets	47,649	46,482	25,840	24,719	77,986	76,064
Segment Current Liabilities	9,292	9,013	1,336	1,925	10,628	10,938
Segment Non Current Liabilities	16,392	15,256	25,100	25,032	41,492	40,288
Unallocated Corporate Liabilities					692	764
Total Liabilities	25,684	24,269	26,436	26,957	52,812	51,990
Net Assets	21,965	22,213	(596)	(2,238)	25,174	24,074
Capital Expenditure	392	807	314	175	706	982
Unallocated Corporate Capital Expenditure					602	991
Total Capital Expenditure					1,308	1,973

(b) There are no one-off abnormal revenue and expense items reported at other. Interest revenue from Investments is not allocated to the segments.

Notes to the Financial Statements

For the year ended 30 June 2011

	2011 \$	2010 \$
Note 20: Cash Flow Information		
(a) Reconciliation of Net Cash provided by Operating Activities to Surplus for the year		
Profit for the year	1,100,062	845,394
Non-cash flows in profit from ordinary activities:		
Retentions on Loans and Bonds	(945,657)	(965,980)
Depreciation	2,514,393	2,500,495
Net loss on disposal of plant and equipment	11,413	14,476
Changes in assets and liabilities:		
(Increase)/Decrease in receivables	(717,375)	(515,270)
(Increase)/Decrease in prepayments	(5,690)	(33,811)
(Increase)/Decrease in inventories	(15,074)	10,598
(Increase)/Decrease in interest receivable	(308,070)	(194,286)
Increase/(Decrease) in payables	203,202	(42,384)
Increase/(Decrease) in employee benefits	395,743	261,966
Net cash provided by operating activities	2,232,947	1,881,198

(b) The Association has no credit stand-by or financing facilities in place.

(c) There were no non-cash financing or investing activities during the period.

Note 21: Financial Instruments

(a) Financial Risk Management Policies

The entity's financial instruments consist mainly of deposits with banks, short term investments, accounts receivable and payable. The entity does not have any derivative instruments at 30 June 2011.

Treasury Risk Management

A finance committee consisting of Board members meet on a monthly basis to assess financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

Financial Risk Exposures and Management

The main risks the entity is exposed to through its financial instruments are Liquidity risk and credit risk. At 30 June 2011 the Association does not have any external debt and is not exposed to interest rate risk.

Liquidity risk

The entity manages liquidity risk by monitoring forecast cash flows.

Credit risk

The Association does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Association.

Notes to the Financial Statements

For the year ended 30 June 2011

Note 21: Financial Instruments (cont'd)

(b) Financial Instrument Composition and Maturity Analysis

The following tables reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period of all other financial instruments. All trade payables amounts listed are expected to be paid within 6 months.

	Floating Interest Rate	Fixed Interest Rate Maturing		Non Interest Bearing	Total	Weighted Average Interest Rate
		Within 1 year	Within 1 to 5 years			
	2011	2011	2011	2011	2011	2011
Financial Assets	\$	\$	\$	\$	\$	%
Cash & Cash Equivalents	357,818	-	-	2,350	360,168	4.65
Financial Assets	235,497	17,071,186	-	-	17,306,683	6.10
Trade & Other Receivables	-	-	-	3,125,966	3,125,966	
Total Financial Assets	593,315	17,071,186	-	3,128,316	20,792,817	

Financial Liabilities

Trade Payables	-	-	-	1,023,045	1,023,045	-
Accommodation Bonds	-	-	-	22,307,585	22,307,585	-
Loans - Independent Living Units	-	-	-	26,282,262	26,282,262	-
Residents Funds	-	-	-	119,411	119,411	-
Total Financial Liabilities	-	-	-	49,732,303	49,732,303	-

	2010	2010	2010	2010	2010	2010
Financial Assets	\$	\$	\$	\$	\$	%
Cash & Cash Equivalents	570,730	-	-	2,350	573,080	4.40
Financial Assets	915,155	13,981,053	-	-	14,896,208	5.86
Trade & Other Receivables	-	-	-	2,102,039	2,102,039	-
Total Financial Assets	1,485,885	13,981,053	-	2,104,389	17,571,327	

Financial Liabilities

Trade Payables	-	-	-	819,843	819,843	-
Accommodation Bonds	-	-	-	21,530,751	21,530,751	-
Loans - Independent Living Units	-	-	-	26,822,933	26,822,933	-
Residents Funds	-	-	-	132,714	132,714	-
Total Financial Liabilities	-	-	-	49,306,241	49,306,241	-

Notes to the Financial Statements

For the year ended 30 June 2011

Note 21: Financial Instruments (cont'd)

Credit Risk

The Association exposure to credit risk by ageing periods is set out in the following table.

Ageing analysis of financial assets as at 30 June

	Carrying Value	Not Past Due and Not Impaired	Past Due But Not Impaired			1 - 5 years	Impaired Financial Assets
			Less than 1 month	1 - 3 Months	3 months - 1 year		
2011	\$	\$	\$	\$	\$	\$	\$
Financial Assets							
Cash and Cash Equivalents	360,168	360,168	-	-	-	-	-
Trade & Other Receivables	3,125,966	709,966	589,000	1,209,000	618,000	-	-
Total Financial Assets	3,486,134	1,070,134	589,000	1,209,000	618,000	-	-

2010

Financial Assets

Cash and Cash Equivalents	573,080	573,080	-	-	-	-	-
Trade & Other Receivables	2,102,039	401,927	-	1,035,112	665,000	-	-
Total Financial Assets	2,675,119	975,007	-	1,035,112	665,000	-	-

Notes to the Financial Statements

For the year ended 30 June 2011

Note 21: Financial Instruments (cont'd)

Liquidity Risk

The following table discloses the contractual maturity analysis for the Association financial liabilities. For interest rates applicable to each class of liability refer to individual notes to the financial statements.

Maturity analysis of financial liabilities as at 30th June.

	Carrying Value	Contractual Cash Flows	Maturity Dates			
			Less than 1 month	1 - 3 Months	3 months - 1 year	1 - 5 years
2011	\$	\$	\$	\$	\$	\$
Financial Liabilities						
Trade and other Payables	1,023,045	1,023,045	1,023,045	-	-	-
Accommodation Bonds	22,307,585	22,307,585	22,307,585	-	-	-
Loans - Independent Living Units	26,282,262	26,282,262	26,282,262	-	-	-
Resident Funds	119,411	119,411	119,411	-	-	-
Total Financial Liabilities	49,732,303	49,732,303	49,732,303	-	-	-

2010

Financial Liabilities

Trade and other Payables	819,843	819,843	819,843	-	-	-
Accommodation Bonds	21,530,751	21,530,751	21,530,751	-	-	-
Loans - Independent Living Units	26,822,933	26,822,933	26,822,933	-	-	-
Resident Funds	132,714	132,714	132,714	-	-	-
Total Financial Liabilities	49,306,241	49,306,241	49,306,241	-	-	-

(c) Net Fair Values

The net fair values of investments at balance date is the historical cost value. No adjustment to the value of investments has been applied, as all investments are maturing within 12 months. All other financial assets and liabilities are listed at historical cost.

(d) Sensitivity Analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience in the financial markets, the Association believes that the following movements are 'reasonably possible' over the next 12 months. (Base rates are sourced from the Commonwealth Bank of Australia):

- a parallel shift of +1% and -1% in market rates (AUD) from year end rates of 4%

The following table discloses the impact on net operating result and equity for each category of financial instrument held by the Association at year end as presented to key management personnel, if changes in the relevant risk occur.

Notes to the Financial Statements

For the year ended 30 June 2011

Note 21: Financial Instruments (cont'd)

	Carrying Amount	Interest Rate Risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
2011	\$	\$	\$	\$	\$
Financial Assets					
Cash & Cash Equivalents	360,168	(360)	(360)	360	360
Trade and other Receivables	3,125,966	-	-	-	-
Other Financial Assets	17,306,683	(173,067)	(173,067)	173,067	173,067
Financial Liabilities					
Trade Payables and accruals	1,023,045	-	-	-	-
2010					
Financial Assets					
Cash & Cash Equivalents	573,080	(573)	(573)	573	573
Trade and other Receivables	2,102,039	-	-	-	-
Other Financial Assets	14,896,208	(148,962)	(148,962)	148,962	148,962
Financial Liabilities					
Trade Payables and accruals	819,843	-	-	-	-

(e) Financial Instruments measured at fair value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1	Level 2	Level 3	Total
2011				
Financial Assets				
Available for sale Financial Assets	1,440,181	-	-	1,440,181
2010				
Financial Assets				
Available for sale Financial Assets	1,440,181	-	-	1,440,181

Note 22: Association Details

- | | |
|--|---|
| (a) The registered office of the association is: | Shepparton Retirement Villages Inc.
9 Batman Avenue, SHEPPARTON VIC 3630 |
| (b) The principal place of business of the association is: | Shepparton Retirement Villages Inc.
9 Batman Avenue, SHEPPARTON VIC 3630 |
| (c) Association Incorporation Number | A0024266Y |
| (d) Australian Business Number | 94 314 031 069 |

Statement by Members of the Board

For the year ended 30 June 2011

In the opinion of the Board the financial report as set out on pages 2 to 22:

1. Presents a true and fair view of the financial position of Shepparton Retirement Villages Inc. as at 30 June 2011 and its performance for the year ended on that date and in accordance with Accounting Standards including Australian Accounting Interpretations of the Australian Accounting Standards Board and the Associations Incorporation Act.
2. At the date of this statement, there are reasonable grounds to believe that Shepparton Retirement Villages Inc. will be able to pay its debts as and when they fall due.

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



Director: _____
G.O.Hill (OAM)



Director: _____
F.J. Metzke

Dated at Shepparton, this the 9 day of September 2011

Audit Report

For the year ended 30 June 2011



Independent Auditor's Report to the members of Shepparton Villages Inc.

Report on the Financial Report

We have audited the accompanying financial report of Shepparton Villages Inc. ("the Association"), which comprises the balance sheet as at 30 June 2011 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the statement by members of the board.

Board's Responsibility for the Financial Report

The Board of the association is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Associations Incorporation Act 1981*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, 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, 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 independence requirements of Australian professional ethical pronouncements.

Audit Report

For the year ended 30 June 2011

Auditor's Opinion

In our opinion the financial report of Shepparton Villages Inc. is in accordance with the *Associations Incorporation Act 1981*, including:

- (i) giving a true and fair view of the association's financial position as at 30 June 2011 and of its performance and its cash flows for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Associations Incorporation Act 1981*.

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants



PHILIP DELAHUNTY
Partner
Bendigo

Date: 9 September 2011

Our care and services are individualised and are continually reviewed and improved



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Shepparton Retirement Villages Inc.
ABN 94 314 031 069
Association No. A0024266Y