



Sundale

Summarised
Financial
Statements

2007-2008

Financial Performance – 2007/2008

It is becoming increasingly more challenging to accomplish anything resembling reasonable returns in aged care due to the ongoing chronic under funding by the Australian Government. Nonetheless as an organisation Sundale continues to reflect fiscal strength and perseverance

Review of Operations

Another excellent consolidated result for the 2007/08 financial year was achieved, with Sundale Garden Village, Nambour and Eden Healthcare Centre Inc continuing to perform strongly. The following table indicates the year on year comparison for each company in terms of annual turnover and bottom line result.

	Sundale Garden Village, Nambour 2006/07 (000's)	Sundale Garden Village, Nambour 2007/08 (000's)	Eden Healthcare Centre Inc. 2006/07 (000's)	Eden Healthcare Centre Inc. 2007/08 (000's)
Total Revenue	\$ 25,535	\$ 27,403	\$ 3,710	\$ 4,470
Surplus/(Deficit)	\$ 3,214	\$ 3,958	\$ 467	\$ 572

Some of the major events, both positive and otherwise that impacted on the financials of the organisation are highlighted as follows:

- The introduction of a new federal Government funding instrument (ACFI) for residential aged care came into effect from the 20th of March 2008. No major influence on the 2007/08 financial results was incurred however based on what we have seen so far, the impact on future years is not expected to be positive;
- Our investment units with the Public Trustee of Qld were sold and the organisation recorded a gain on sale of \$ 1.279m;
- With the completion of the extension of the Aloaka Lodge facility, all residential care bed licences were transferred to Sundale, which increased our non-operational revenue by \$ 0.95m in the current financial year;
- Occupancy levels in the childcare centre grew progressively during the financial year as the centre moved toward total occupancy of a maximum of 53 children;
- Completed construction on the last stage of independent living units at our Jubilee Drive, Palmwoods site taking the site to a total of 107 independent living units;
- Construction was completed on Sundale's first Transitional Care house located on the Doolan St site and a formal agreement was signed with Queensland Health for Sundale to be the service provider in this area; and

- The "Asset Impairment Expense" brought to account based on revised assessment of some of our building assets life span accounted for an additional write-down of \$ 0.396m.

Residential Aged Care Facilities

Operational income increased by 8.2% from \$17.0m to \$18.4m, with subsidy indexation as well as the additional income from Aloaka Lodge (included from January 08 onwards) being the main contributing factors. As mentioned previously all indications so far are that the new funding instrument is aimed at a claw back of funding by the Commonwealth Government. This is yet to be completely proven, but at the time of writing this section of the report our evidence after some five months of operating under the new ACFI funding tool is quite conclusive and tends to support our view.

Overall operational expenditure increased by \$ 0.52m to \$ 17.259m, with the majority of this increase relating to the costs associated with Aloaka Lodge now being formally an operating entity of Sundale. It is important to note that our employee costs for the period increased by 6.5% to \$ 9.24m, with our increasing reliance on nursing agency staff to assist with coverage contributing to the increased expenditure in this area.

An overall surplus of \$ 1.43m was achieved in 2007/08 which is slightly down on last year's result of \$ 1.529m.

Retirement Villages

Occupancy levels in our retirement villages during the year dropped across the board, with a number of villages recording vacancies for prolonged periods of time. The flow on effect was the reduction in operational revenue from \$ 0.711m in 2006/07 to \$ 0.655m in 2007/08.

The new units at Palmwoods coming on line during the course of the year as well as the vacant units at Coolool finally being filled helped boost our non-operational income in the form of licence contribution revenue which increased by \$ 0.33m to \$ 1.653m.

There were some significant costs that were brought to account during the course of the financial year, including additional depreciation as a consequence of revising some of the projected useful lives of some of the independent living units on the Doolan Street site, with the negative impact of this being some \$ 343k. As well as this we still have a number of pre-1992 independent living unit agreements in existence and under the terms of those contracts there is an arrangement for "so-called" capital gain sharing. With the strength in the unit market in terms of price, we were obliged to set aside a further \$ 304k to cover potential payout on those pre-1992 agreements, further eroding our returns in this area.

As a consequence with the significant once-off expense items being brought to account during the financial year, the retirement living area recorded an overall loss of \$ 303k.

Community Care

As one of the newer start up operations, we are very proud of our reputation in terms of service delivery. While our revenue remained at a similar level to the preceding financial year, our operational costs increased by \$ 182k to \$ 1.587m. While our focus has been primarily on the service delivery to our clients in the community, we have commenced reviewing the operation in terms of workflow and efficiencies to enable us to get the operation back to an operational surplus in the 2008/09 financial year.

The overall result for Community care for the 2007/08 financial year was an operational loss of \$ 119k.

Childcare

Our long day care centre operating in Kilcoy continued to grow in terms of both its reputation and number of children using the service. Our operational revenue increased by 49% during the year to a total of \$ 672k, up from \$ 451k in the 2006/07 financial year.

At this stage our childcare operations comprise of the Long Day Care Centre and the Outside School Hours Care facility operating out of our demountable building based at Kilcoy state school. Collectively the unit contributed an operational surplus of some \$ 34k for the financial year just closed as opposed to an operational loss of \$ 67k recorded last financial year.

Rehabilitation Services

Our rehabilitation services encapsulate the results of our Eden Rehabilitation Centre based at Cooroy as well as the Transitional Care Program and Therapy Centre operating out of the Doolan Street campus in Nambour.

Eden had an exceptional financial year, with both operating revenue and the overall surplus of the facility increasing. Revenue increased by 20% to \$ 4.47m while the surplus increased by 22% to \$ 0.572m.

During the year we commenced operating services out of the transitional care house, as was expected the facility recorded a slight overall loss of some \$ 10k for the year. This was not truly reflective of the operational costs as the Therapy Centre and Suncoast Community Care provided some of the much needed infrastructure and support during this initial year of operation.

Overall rehabilitation services recorded an increase in the operating surplus of 7.8% to \$ 0.476m.

Finance/Investments

As was mentioned earlier in the report a strong gain on sale was made from the funds held in the Public Trustee of Queensland's Australian Equities Managed Funds, when the investment units were disposed of in July 07, prior to the global credit issue coming to the fore as a major factor in the upheaval in investments.

All our investments have been consolidated with ANZ Trustees and as at the end of the financial year the amount currently held by ANZ Trustees was some \$ 26.9m. There is and continues to be no real requirement for Sundale to realise any of the investments in the short term and the overall balance held based on the year end valuation is still higher than the initial cost of the investment.

Whilst we acknowledge that we are at the whims of the global market, there are signs occurring that the confidence is coming back into the equities market and the feedback from the investment experts seems to echo that sentiment. We will continue to monitor closely and operate within our investment policy guidelines.

SUNDALE GARDEN VILLAGE, NAMBOUR

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2008

	Notes	CONSOLIDATED		SUNDALE GARDEN VILLAGE, NAMBOUR	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Continuing Operations					
Revenue					
Commonwealth Benefits		14,817	13,151	14,817	13,151
Resident & Patient Contributions		11,083	9,915	6,789	6,298
Accommodation Bond/Licence Contribution		2,148	1,831	2,148	1,831
Interest & Dividend Revenue		1,740	2,355	1,665	2,325
Gain on Sale of Fixed Assets		45	11	45	11
Sundry Operating Revenue		348	503	1,103	1,246
Other Revenue		896	701	813	671
Donations		25	5	23	2
		31,102	28,472	27,403	25,535
Expenses					
Administration Costs		(2,047)	(2,221)	(1,745)	(1,990)
Staffing Costs		(17,141)	(14,992)	(14,841)	(13,181)
Hospitality Costs		(997)	(860)	(923)	(805)
Motor Vehicle Costs		(174)	(128)	(160)	(113)
Medical Costs		(458)	(345)	(349)	(257)
Housekeeping Costs		(173)	(190)	(145)	(120)
Safety Costs		(90)	(55)	(80)	(55)
Repairs & Maintenance Costs		(875)	(620)	(805)	(542)
Energy Costs		(480)	(442)	(432)	(395)
Depreciation Costs		(1,741)	(1,759)	(1,741)	(1,759)
Retirement Village and Project Depreciation		(1,194)	(732)	(1,194)	(732)
Interest Paid Accommodation Bond Repayment		(83)	(80)	(83)	(80)
Profit Share Liability–Pre-92 ILU Agreements		(304)	4	(304)	4
Non-Operational & Development Expenditure		(2,954)	(2,728)	(2,771)	(2,646)
		2,391	3,324	1,830	2,864
Surplus before significant Items					
Significant Items					
Gain on granting of bed licences at fair value		950	380	950	380
Grants Received		18	20	7	0
Expenses associated with grants received		0	(13)	0	0
Gain on sale of investments		1,279	0	1,279	0
Legal Expenses		(50)	(30)	(50)	(30)
Loss on Business Combinations		(58)	0	(58)	0
Somerset Senior Citizens' Centre operations:					
Costs incurred		(826)	(1,414)	(826)	(1,414)
Recovery of costs		826	1,414	826	1,414
		4,530	3,681	3,958	3,214
NET SURPLUS FOR THE PERIOD					

SUNDALE GARDEN VILLAGE, NAMBOUR

Statement of Financial Position

AS AT 30 JUNE 2008

	Notes	CONSOLIDATED		SUNDALE GARDEN VILLAGE, NAMBOUR	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
ASSETS					
Current Assets					
Cash and cash equivalents		7,373	9,076	6,877	8,169
Trade and other receivables		5,072	3,696	4,386	3,179
Inventories		119	131	119	131
Investments		1,041	9,166	0	9,166
Total Current Assets		13,605	22,069	11,382	20,645
Non-current Assets					
Trade and other receivables		284	125	308	140
Property, plant and equipment		56,321	53,133	56,321	53,133
Investments		26,892	14,612	26,892	14,612
Intangibles		10,780	9,830	10,780	9,830
Total Non-current Assets		94,277	77,700	94,301	77,715
TOTAL ASSETS		107,882	99,769	105,683	98,360
LIABILITIES					
Current Liabilities					
Trade and other payables		5,202	5,912	4,967	5,671
Accommodation Payables expected to be paid within 12 months		6,786	6,584	6,786	6,584
Accommodation Payables not expected to be paid within 12 months		45,299	37,650	45,299	37,650
Interest bearing loans and borrowings		1,797	2,307	1,797	2,307
Provisions		1,552	1,461	1,398	1,330
Provisions for Accrued Expenses		1,378	507	1,198	483
Total Current Liabilities		62,014	54,421	61,445	54,025
Non-current liabilities					
Provisions		1,570	1,259	1,447	1,181
Total Non-current Liabilities		1,570	1,259	1,447	1,181
TOTAL LIABILITIES		63,584	55,680	62,892	55,206
NET ASSETS		44,298	44,089	42,791	43,154
EQUITY					
Accumulated Funds		35,194	30,664	33,687	29,729
Reserves		9,104	13,425	9,104	13,425
TOTAL EQUITY		44,298	44,089	42,791	43,154

SUNDALE GARDEN VILLAGE, NAMBOUR

Statement of Cash Flow

FOR THE YEAR ENDED 30 JUNE 2008

	Notes	CONSOLIDATED		SUNDALE GARDEN VILLAGE, NAMBOUR	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Cash flows from operating activities					
Receipts of subsidies and revenue from clients		27,586	22,896	24,043	20,034
Receipt of Grants		17	20	6	0
Sundry Income		481	1,246	481	1,247
Payments to Suppliers and Employees		(25,995)	(22,571)	(22,995)	(20,149)
Donations		25	5	22	2
Interest Income		798	1,937	725	1,911
Net cash flows from operating activities		2,912	3,533	2,282	3,045
Cash flows from investing activities					
Acquisition of property, plant & equipment		(6,973)	(4,706)	(6,973)	(4,706)
Acquisition of other Investment		(21,851)	0	(21,601)	0
Proceeds from sale of Property, Plant & Equipment		225	129	225	129
Proceeds from sale of investments		6,279	0	6,279	0
Net cash flows from/(used in) investing activities		(22,320)	(4,577)	(22,070)	(4,577)
Cash flows from financing activities					
Proceeds from loans 7 day call		(510)	(75)	(510)	(75)
Repayments from unsecured loans		15,463	(60)	15,463	(60)
Proceeds from Licence contributions		(5,463)	10,206	(5,463)	10,206
Repayment of Licence contributions		(160)	(5,386)	(160)	(5,386)
Net cash flows from financing activities		9,330	4,685	9,330	4,685
Net increase (decrease) in cash and cash equivalents		(10,078)	3,641	(10,458)	3,153
Cash and cash equivalents at beginning of period		18,242	14,601	17,335	14,182
Cash and cash equivalents at end of period		8,164	18,242	6,877	17,335

SUNDALE GARDEN VILLAGE, NAMBOUR

Statement of Changes in Funds and Reserves

FOR THE YEAR ENDED 30 JUNE 2008

	Accumulated Funds		Investment Revaluation Reserves			Total	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Consolidated	Sundale Garden Village, Nambour	Consolidated	Sundale Garden Village, Nambour	Consolidated	Sundale Garden Village, Nambour	
At 1 July 2006	35,796	35,328	2,895	2,895	38,691		38,223
Fair value revaluation of Investments	-	-	1,717	1,717	1,717		1,717
Surplus for the year	3,681	3,212	-	-	3,681		3,214
At 30 June 2007	39,477	38,540	4,612	4,612	44,089		43,154
Fair value revaluation of Investments	-	-	(4,321)	(4,321)	(4,321)		(4,321)
Surplus for the year	4,530	3,958	-	-	4,530		3,958
At 30 June 2008	44,007	42,498	291	291	44,298		42,791

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

1. CORPORATE INFORMATION

The financial report of Sundale Garden Village, Nambour ("The Entity") for the year ended 30 June 2008 was authorised for issue in accordance with a resolution of the Board on 25th August 2008.

Sundale Garden Village, Nambour (ABN 33 436 160 489) is an incorporated body under 'Letters Patent' whose registered office is 35 Doolan Street, Nambour 4560, providing support and care for residential aged care clients, retirement resorts, in-home community care, child care services, and rehabilitation services to the community.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASBs"). The financial report has been prepared on an accrual basis of accounting including the historical cost convention except for intangible assets and non-current investments.

The financial report is presented in thousands of Australian dollars. Historically, the report was presented in Australian dollars. It has been determined, that for easy of use, the report will be presented in thousands of Australian dollars from this reporting period.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by the Entity.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of consolidation

The consolidated financial statements are those of the consolidated entity, comprising Sundale Garden Village, Nambour (the parent entity) and all entities that Sundale Garden Village controlled from time to time during the year and at balance date. Information from the financial statements of subsidiaries is included from the date the parent entity obtains control until such time as control ceases. Where there is a loss of control of a subsidiary, the consolidated financial statements include the result for the part of the reporting period during which the parent entity has control.

Effective control exists over Eden Healthcare Centre Inc. with four of the seven directors of the Eden Healthcare Centre Inc.'s Board being directors of Sundale Garden Village, Nambour's Board and who have voting rights in each entity.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and surplus and deficits resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

(d) Maintenance Reserves

Sundale Garden Village has established Maintenance Reserve Trust Account bank accounts in accordance with Section 97 of the Retirement Villages Act 1999.

(e) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above and Investment at call, net of outstanding bank overdrafts .

Trust Account Balances – The following amounts held in Trust Accounts and equal to the amounts held on behalf of trust creditors are not included in the assets or liabilities of Sundale Garden Village, Nambour as set out in the Statement of Financial Performance:

Account Balances at 30 June	2008	2007
	\$	\$
Resident Trust Bank Account and Cash Float	\$ 51,738	\$ 46,364
Palmwoods Garden Village Maintenance Reserve Trust Account	\$ 68,238	\$ 101,838
Rotary Garden Village Maintenance Reserve Trust Account	\$ 33,189	\$ 51,104
SIL Retirement Village Maintenance Reserve Trust Account	\$ 48,577	\$ 41,249
Coolum Waters Retirement Resort Maintenance Reserve Trust Account	\$ 90,766	\$ 69,637

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Trade and other receivables

The Entity has elected to apply the option available under AASB 1 of adopting AASB 132 and AASB 139 from 1 July 2005.

Accounting policies applicable for the year ending 30 June 2006 and subsequent years:

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

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

(g) Inventories

Inventories are valued at the lower of cost and net realisable value. They represent medical stores, kitchen stores, stocks of corporate uniforms, and maintenance components.

(h) Property, plant and equipment and capital work in progress

Property, plant and equipment is stated at cost, or deemed cost less accumulated depreciation and any accumulated impairment losses. Such costs includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

	<u>2008</u>	<u>2007</u>
Plant and Equipment less than \$ 500	1 Year	1 Year
Plant and Equipment greater than \$500	2 - 10 Years	2 - 10 Years
Furniture and Fittings	3 - 10 Years	3 - 10 Years
Buildings	10 - 40 Years	10 - 40 Years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Capital works in progress represents (i) the accumulation of construction costs on facilities currently under construction; (ii) accumulates costs of major information systems infrastructure and, (iii) other similar type projects. Upon completion, the assets are transferred into the asset category and depreciation commences at that time.

Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the depreciated replacement cost of the asset when the asset's future economic benefit does not depend primarily on its ability to generate cash inflows, and if deprived of the asset the organization would replace it.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Trade and other payables

The Entity has elected to apply the option available under AASB 1 of adopting AASB 132 and AASB 139 from 1 July 2005.

Accounting policies applicable for the year ending 30 June 2006 and subsequent years:

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

(j) Provisions

Provisions are recognised when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(k) Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms of maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) 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 recognized:

- a) Government subsidy income – Revenue is recognised as an accrual based on actual resident/client classifications, with any adjustments required being made upon receipt of funds from the Government.
- b) Resident/Client Fees – Revenue is recognised when due.
- c) Dividend Income – Revenue is recognised when the Entity's right to receive payment is established.
- d) Accommodation Bond retentions/ Licence Contribution income – taken to account as per the terms of individual residency contracts, and as prescribed in the Aged Care Act.
- e) Government Grants – recognised as income at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.
- f) Interest Income- The Entity has elected to apply the option available under AASB 1 of adopting AASB 132 and AASB 139 from 1 July 2005.

Accounting policies applicable for the years ending 30 June 2006 and subsequent years:

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(m) Goods & Services Tax

Sundale Garden Village, Nambour has registered for the Goods & Services Tax on an accrual basis. All services relating to Residential Aged Care are primarily classified as GST Free, while goods and services provided through the Sundelight Food Bar, Rotary Community Hall and externally contracted laundry services are subject to GST and levied accordingly.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows are classified as operating cash flows. Commitments and contingencies are disclosed net of GST.

(n) Income Tax

Sundale Garden Village, Nambour is an incorporated charitable body registered under the Religious Educational and Charitable Institutions Act, therefore exempt from income tax under division 50 of the Income Tax Assessment Act. No provision has therefore been made in these accounts.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Intangible Assets

The entity holds Residential Care Government funded bed licences that meet the definition of an intangible asset under *AASB 138 Intangible Assets*.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets currently held by the entity are assessed to be indefinite.

The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis. Intangible assets with indefinite useful lives are tested for impairment annually. Such intangibles are not amortised.

The bed licences were granted to the entity in the past for no or nominal consideration by government agencies or authorities prior to the transition to AIFRS. The licences represent a contribution under *AASB 1004 Contributions* that the entity must restate on transition to AIFRS by recognising both the licence and the corresponding grant income amount initially at the fair value of the licence as at the date the licence was granted, and then apply the option to remeasure the licence to its fair value either at the date of transition to AIFRS or at the date of a previous AGAAP revaluation to fair value. An AGAAP valuation was performed at June 2003. The revised fair value is treated as the licence's deemed cost at the transition date. This option is only available if there is an active market (as defined in *AASB 138 Intangible Assets*) for such licences.

The valuation at June 2003 was reassessed and determined to be acceptable at 30 June 2007 and 30 June 2008. Industry experts will be consulted in relation to determining fair value on an annual basis in the future.

Any gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

(p) Financial Instruments

The group has elected to apply the option available under AASB1 of adopting AASB 132 and AASB 139 from 1 July 2005.

Accounting policies applicable for the year ending 30 June 2006 and subsequent years:

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through the income statement, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate.

a. Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Financial Instruments (continued)

A financial instrument is recognised if the entity becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the entity's contractual rights to the cash flows from the financial asset expire. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date the entity commits itself to purchase or sell the asset. Financial liability is derecognised if the entity's obligations specified in the contract expire or are discharged or cancelled.

Accounting for finance income and expenses is described in Note 2 (r)

Held-to-maturity investments

The entity has the positive intent and ability to hold term deposits to maturity, and is classified as held-to-maturity. These investments are measured at amortised cost using effective interest rate method, less any impairment losses.

Available-for-sale investments

The Board has determined the classification of its financial assets as available-for-sale investments. This classification relates to investments that are non-derivative financial assets that are designated as available-for-sale. After initial recognition, available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the income statement.

The fair value of investments is determined by reference to market bid prices at the close of business on the balance sheet date as provided by the respective investment managers.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest rate method, less any impairment losses.

b. Derivative financial instruments

The entity does not hold any derivative financial instruments.

(q) Finance income and expenses

Finance income comprises interest income on funds invested and is recognised as it accrues in profit or loss, using the effective interest rate method.

Finance expenses comprise interest expense on borrowings, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest rate method.

(r) Capital Management

Management considers their retained earnings as capital. Management controls the capital of the Entity in order to ensure that the Entity can fund its operations and continue as a going concern. The Entity is not subject to any external capital restrictions.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2008

3. FINANCIAL RISK MANAGEMENT

Overview

The Board of Directors have overall responsibility for the establishment and oversight of the risk management framework. The Chief Executive Officer is responsible for developing and monitoring risk management policy, and report regularly to the Board of Directors on issues and compliance.

Risk management policy is to identify and analyse the risks faced by the entity, to set limits and controls, and to monitor risks and adherence to limits. Risk management policy and systems are reviewed regularly to reflect changes in market conditions and entity's activities. The entity, through training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk arises principally from the entity's receivables from customers.

Receivables

The entity's exposure to risk is minimised due to the requirement that relevant fees are required to be prepaid. Additionally, the majority of low care residential aged care clients lodge accommodation bonds, and in the case of retirement living clients, payments for right to occupy independent living units, with claims for unpaid amounts able to be made against those amounts. Thus exposure is on the default risk of the industry.

Where applicable, an allowance for impairment has been made, that represents the estimate of incurred losses in respect to trade and other receivables and investments.

Investments

The entity limits its risk exposure on held-to-maturity investments by investing in term deposits or similar, with major banking institutions, and management does not expect any counterparty to fail to meet its obligations.

Liquidity risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due. The entity's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the entity's reputation.

Typically, the entity ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters.

In addition to operational requirements, the entity has established a Liquidity Management strategy in respect to accommodation bonds such that prudential compliance is assured, and the entity has sufficient funds available to meet repayment requirements.

Market risk

Market risk is the risk that changes in market prices, interest rates and equity prices will affect the entity's income or value of its holdings of financial instruments. The objective is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The entity did not enter into derivatives, nor incur financial liabilities in order to manage market risks during the reporting period.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2008

4. OPERATING SEGMENTS

The organisation has five reportable segments, as described below, which are the entity's strategic business units. Each segment provides a service to a different consumer demographic and is managed separately as they require different marketing and operational strategies:

- Residential Care provides services and care to the elderly within a residential based environment providing accommodation and a range of care from modest to substantial assistance for multiple morbidities.
- Retirement Living provides an environment for independent living in a communal setting with care and support services readily available if required.
- Community Care provides in-home services and care to the community across a broad spectrum of care levels.
- Rehabilitation Service provides those services to individuals requiring specialised assistance to integrate into the community and provide or maintain their functional status.
- Child care covering long day care in addition to outside school hours and vacation care.

Other segments relate to corporate administrative and information services and support services of catering, laundering, and maintenance. These segments operate as full cost recovery passed to the operating segments.

Transfer prices between business segments are set at an arms length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated on consolidation.

The following tables present revenue and surplus information and certain asset and liability information regarding business segments for the years ended 30 June 2008 and 30 June 2007. Performance is measured on segment revenues and operating surplus, with management evaluating the results of these business segments for comparative to other entities, for strategic planning, and for the allocation of resources.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2008

4. OPERATING SEGMENTS (continued)

	Residential Care		Retirement Living		Community Care		Rehabilitation		Child Care		All others		Total	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
External revenues	18,437	17,037	655	711	1,468	1,431	4,971	4,091	672	451	966	554	27,169	24,275
Accommodation Bond/Licence Contribution revenues	495	511	1,653	1,320	-	-	-	-	-	-	-	-	2,148	1,831
Inter-segment revenue	-	-	-	-	-	-	104	162	-	-	672	755	776	917
Interest income	-	-	-	-	-	-	-	-	-	-	1,740	2,355	1,740	2,355
Interest expense	(71)	(66)	(10)	(5)	-	-	-	-	-	-	(2)	(9)	(83)	(80)
Depreciation and amortisation	(983)	(808)	(1,227)	(783)	(71)	(62)	(237)	(208)	(56)	(38)	(361)	(592)	(2,935)	(2,491)
Staffing Costs	(9,244)	(8,679)	(60)	(52)	(1,247)	(882)	(2,709)	(2,246)	(450)	(279)	(3,431)	(2,854)	(17,141)	(14,992)
Reportable segment profit	1,430	1,529	(303)	147	(119)	26	476	442	34	(67)	783	1,224	2,301	3,301
Reportable segment assets														
Property Plant and Equipment	20,460	20,113	25,580	22,795	268	193	2,358	2,578	1,192	1,249	6,463	6,205	56,321	53,133
Intangibles	10,780	9,830	-	-	-	-	-	-	-	-	-	-	10,780	9,830
Reportable segment Liabilities:														
Accommodation payables:	19,608	17,048	32,477	27,186	-	-	-	-	-	-	-	-	52,085	44,234
Other	-	-	719	524	-	-	-	-	-	-	-	-	719	524
Capital Expenditure	1,444	5,734	4,012	1,569	228	128	28	98	-	1,249	704	1,188	6,416	9,966

**Statement of the Board of Directors and the Chief Executive Officer
FOR THE YEAR ENDED 30 JUNE 2008**

Year Ended 30th June 2008

We state that in our opinion,

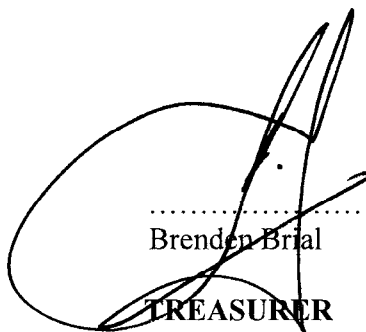
- (a) The Statement of Comprehensive Income is drawn up so as to present fairly the results of Sundale Garden Village, Nambour and of the consolidated entity for the year ended 30 June 2008.
- (b) The Statement of Financial Position is drawn up so as to present fairly the state of affairs of Sundale Garden Village, Nambour and of the consolidated entity as at 30 June 2008.
- (c) At the date of this statement there are reasonable grounds to believe that Sundale Garden Village, Nambour and the consolidated entity will be able to pay its debts as and when they fall due.

On behalf of Sundale Garden Village, Nambour



.....
Glenn Bunney

CHIEF EXECUTIVE OFFICER



.....
Brenden Brial

TREASURER



Chartered Accountants
& Business Advisers

Independent audit report to the members of Sundale Garden Village, Nambour

We have audited the summarised financial report of Sundale Garden Village, Nambour for the year ended 30 June 2008, comprising the balance sheet, income statement, statement of changes in equity, cash flow statement and accompany notes to the financial statements, in accordance with Australian Auditing Standards.

In our opinion, the information reported in the summarised financial report is consistent with the annual statutory financial report from which it is derived and upon which we expressed an unqualified audit opinion in our report to the members dated 25 August 2008. For a better understanding of the scope of our audit, this report should be read in conjunction with our audit report on the annual statutory financial report.

PKF

PKF

Albert Loots

Partner – Corporate Services

