Jewish Care (Victoria) Incorporated and Controlled Entities

REG: A00 407 05X

General purpose financial report for the financial year ended 30 June 2008

General purpose financial report for the financial year ended 30 June 2008

Committee's report

The committee members of Jewish Care (Victoria) Incorporated submit herewith the annual financial report of Jewish Care (Victoria) Incorporated for the financial year ended 30 June 2008. The committee members report as follows:

The names of the committee members of the association during or since the end of the financial year are:

- Mrs Nina Bassat AM (appointed as co-opted Board member in November 2007)
- Mr Jeffrey Appel (appointed on November 2007)
- Mr Andrew Blode
- Mr David Brous
- Mr Farrel Meltzer
- Prof Frank Oberklaid OAM
- Assoc Prof Leslie Reti
- Mr Michael Schoenfeld
- Mr Bruce Rosengarten (appointed as co-opted Board member in May 2008)
- Mr Andrew Schwartz
- Mrs Robyne Schwarz
- Mrs Louse Zygier
- Dr Joel Freeman
- Mr Daniel Jenshel

The above named members held office during and since the end of the financial period unless otherwise stated.

Principal activities

The principal activities of the association during the financial period were to promote and provide for the well being of Jewish people in need of care in the State of Victoria, and attending to their physical, mental, emotional and spiritual needs.

Review of operations

Jewish Care is a not for profit entity relying on community support for its works. Profit for the year of $2,322,751 (2007: $2,892,813) is made up as follows:

	2008		2007	
	$	*$*	*$*	*$*
Loss from ordinary activities of the group after related income tax		***(5,925,122)***		***(6,022,953)***
- Community Annual Appeal and donations net of cost		*2,005,241*		*1,778,480*
Loss after Annual Appeal and donations net of cost		*(3,919,881)*		*(4,244,473)*
Non Recurrent Items:				
- Government Grants	-		-	
- Capital Appeal	*1,968,500*		2,066,089	
- Profit on sale of Property, Plant and Equipment	-		144,838	
		1,968,500		*2,210,927*
Loss after Non Recurrent Items		*(1,951,381)*		*(2,033,546)*
Community Contributions:				
- Bequests		*4,274,132*		*4,926,359*
Profit from ordinary operating activities		***2,322,751***		***2,892,813***

Net Assets

Movement in Net Assets is made up of:

	2008	2007
	$	$
Opening Balance	58,301,982	50,013,679
Add: Profit after tax	2,322,751	2,892,813
Add: Revaluation Increment in Land and Building	3,292,533	5,395,490
Closing Balance	63,917,266	58,301,982

Changes in state of affairs

There was no significant change in the state of affairs of the consolidated entity during the financial year.

Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Future developments

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

Indemnification of officers and auditors

The association has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the association:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs or expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings, with the exception of the following:

  A policy has been contracted with Victorian Managed Insurance Authority to imdemnify committee members and officers against loss for which they may not be legally imdemnified by the association arising out of any claim, by reason of any wrongful act committed by them, in their capacity as a director or officer, first made against them jointly or severally during the period of insurance and notified to the insurer during the imdemnity period.

  Further details of the policy, the level of cover and the premium paid cannot be disclosed under the terms and conditions of the contract.

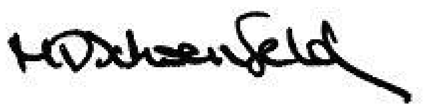
Committee's meetings

The following table sets out the number of committee meetings held during the financial year and the number of meetings attended by each director (while they were a committee member). During the financial period, 11 committee meetings were held.

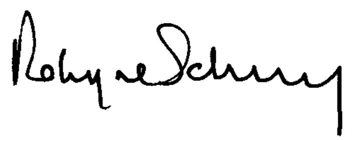
	Committee Meetings	
Directors	**Eligible to Attend**	**Attended**
Mrs Nina Bassat AM	11	8
Mr Andrew Blode	11	10
Mr David Brous	11	10
Mr Jeffrey Appel	10	10
Mr Farrel Meltzer	11	4
Prof Frank Oberklaid OAM	11	7
Assoc Prof Leslie Reti	11	9
Mr Michael Schoenfeld	11	10
Mr Andrew Schwartz	11	6
Mrs Robyne Schwarz	11	10
Mrs Louse Zygier	11	11
Dr Joel Freeman	11	11
Mr Daniel Jenshel	11	10
Mr Bruce Rosengarten	2	2

Signed in accordance with a resolution of the Committee.

On behalf of the Committee,



Mr Michael Schoenfeld
Committee Member
Melbourne, 26 August 2008



Mrs Robyne Schwarz
Committee Member
Melbourne, 26 August 2008

Deloitte.

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Independent Auditor's Report to the Members of Jewish Care (Victoria) Incorporated

We have audited the accompanying financial report of Jewish Care (Victoria) Incorporated, which comprises the balance sheet as at 30 June 2008, and the income statement, cash flow statement and statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the statement by members of the committee of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 7 to 34.

The Responsibility of Members of the Committee for the Financial Report

The members of the committee of the entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Associations Incorporation Act of Victoria 1981. This responsibility also includes establishing 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 judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the members of the committee, 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.

Deloitte.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Auditor's Opinion

In our opinion, the financial report of Jewish Care (Victoria) Incorporated gives a true and fair view, in all material respects, of the company's and consolidated entity's financial position as at 30 June 2008, and of their financial performance, their cash flows and their changes in equity for the year ended on that date in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Associations Incorporation Act of Victoria 1981 .

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Robert D D Collie
Partner
Chartered Accountants
Melbourne, 26 August 2008

Statement by Members of the Committee

In the opinion of the Committee:

1. The financial report as set out on pages 8 to 34 gives a true and fair view of the financial position of Jewish Care Victoria Incorporated as at 30 June 2008 and its performance for the year ended on that date.

2. At the date of this statement, there are reasonable grounds to believe that Jewish Care Victoria 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:

Mr Michael Schoenfeld
Committee Member
Melbourne, 26 August 2008

Mrs Robyne Schwarz
Committee Member
Melbourne, 26 August 2008

Income statement
for the financial year ended 30 June 2008

		Economic Entity		Parent Entity	
	Note	2008 $	2007 $	2008 $	2007 $
Revenue					
Accomodation charges		7,090,783	6,833,865	7,090,783	6,833,865
Government subsidies		19,869,562	19,296,566	19,869,562	19,296,566
Profit on sale of property plant and equipment		-	144,838	-	144,838
Other revenues	3	11,219,909	11,120,093	11,205,391	11,106,735
		38,180,254	37,395,362	38,165,736	37,382,004
Employee benefits expense		(23,591,740)	(23,045,011)	(23,591,740)	(23,045,011)
Depreciation and amortisation expenses	4	(839,014)	(687,548)	(839,014)	(687,548)
Community development expenses	4	(954,558)	(1,021,724)	(954,558)	(1,021,724)
External services expenses		(900,896)	(673,316)	(900,896)	(673,316)
Food expenses		(3,902,396)	(3,661,851)	(3,902,396)	(3,661,851)
Repairs and maintenance expenses		(1,322,703)	(1,370,936)	(1,322,703)	(1,370,936)
Medical and other supplies		(753,407)	(633,090)	(753,407)	(633,090)
Consulting expenses		(709,245)	(443,614)	(709,245)	(443,614)
Energy expenses		(396,826)	(367,970)	(396,826)	(367,970)
Administration expenses		(1,073,571)	(1,021,125)	(1,073,571)	(1,021,125)
Laundry expenses		(392,127)	(396,601)	(392,127)	(396,601)
Other expenses	4	(1,021,020)	(1,179,763)	(1,006,502)	(1,166,405)
Profit before tax	4	2,322,751	2,892,813	2,322,751	2,892,813
Income tax expense	5	-	-	-	-
Profit after tax		2,322,751	2,892,813	2,322,751	2,892,813

Notes to the financial statements are included on pages 12 to 34.

Balance sheet
as at 30 June 2008

	Note	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Current assets					
Cash and cash equivalents	6	3,094,519	2,181,108	2,891,602	2,180,596
Trade and other receivables	7	2,036,647	1,749,839	1,880,699	1,749,805
Inventories	8	-	37,714	-	37,714
Other financial assets	9	29,425,388	24,365,444	29,425,388	24,365,444
Other	11	49,132	52,176	49,132	52,176
Total current assets		34,605,686	28,386,281	34,246,821	28,385,735
Non-current assets					
Trade and other receivables	7	-	-	9,285,000	77,326
Property, plant and equipment	10	57,497,892	50,062,950	47,495,537	50,062,950
Other	11	39,296	-	-	-
Total non-current assets		57,537,188	50,062,950	56,780,537	50,140,276
Total assets		92,142,874	78,449,231	91,027,358	78,526,011
Current liabilities					
Trade and other payables	12	4,164,628	3,289,296	4,164,128	3,288,796
Provisions	13	4,329,798	4,165,057	4,329,798	4,165,057
Other	15	17,064,784	11,986,155	17,477,740	12,385,111
Total current liabilities		25,559,210	19,440,508	25,971,666	19,838,964
Non-current liabilities					
Provisions	13	710,102	706,741	710,102	706,741
Borrowings	14	1,956,296	-	-	-
Total non-current liabilities		2,666,398	706,741	710,102	706,741
Total liabilities		28,225,608	20,147,249	26,681,768	20,545,705
Net assets		63,917,266	58,301,982	64,345,590	57,980,306
Equity					
Reserves	16	27,434,038	24,141,505	28,135,212	24,092,679
Accumulated surplus	17	36,483,228	34,160,477	36,210,378	33,887,627
Total equity		63,917,266	58,301,982	64,345,590	57,980,306

Notes to the financial statements are included on pages 12 to 34.

Statement of changes in equity
for the financial period ended 30 June 2008

Economic Entity	Asset revaluation reserve $	General reserves $	Other reserves $	Accumulated surplus $	Total $
Balance at 1 July 2006	14,301,671	3,074,794	1,369,550	31,267,664	50,013,679
Profit for the period	-	-	-	2,892,813	2,892,813
Gain on revaluation of property	5,395,490	-	-	-	5,395,490
Balance at 30 June 2007	19,697,161	3,074,794	1,369,550	34,160,477	58,301,982
Balance at 1 July 2007	19,697,161	3,074,794	1,369,550	34,160,477	58,301,982
Profit for the period	-	-	-	2,322,751	2,322,751
Gain on revaluation of property	3,292,533	-	-	-	3,292,533
Balance at 30 June 2008	22,989,694	3,074,794	1,369,550	36,483,228	63,917,266

Parent Entity	Asset revaluation reserve $	General reserves $	Other reserves $	Accumulated surplus $	Total $
Balance at 1 July 2006	14,301,671	3,025,968	1,369,550	30,994,814	49,692,003
Profit for the period	-	-	-	2,892,813	2,892,813
Gain on revaluation of property	5,395,490	-	-	-	5,395,490
Balance at 30 June 2007	19,697,161	3,025,968	1,369,550	33,887,627	57,980,306
Balance at 1 July 2007	19,697,161	3,025,968	1,369,550	33,887,627	57,980,306
Profit for the period	-	-	-	2,322,751	2,322,751
Gain on revaluation of property	4,042,533	-	-	-	4,042,533
Balance at 30 June 2008	23,739,694	3,025,968	1,369,550	36,210,378	64,345,590
Refer to notes to the accounts for the purpose of each Reserve	16(b)	16(a)	16(c)		

Notes to the financial statements are included on pages 12 to 34.

Cash flow statement
for the financial period ended 30 June 2008

		Economic Entity		Parent Entity	
	Note	2008 $	2007 $	2008 $	2007 $
Cash flows from operating activities					
Receipts from customers		35,909,378	35,120,712	36,036,325	35,107,447
Payments to suppliers and employees		(33,977,510)	(32,644,831)	(33,909,696)	(32,644,865)
Interest received		1,987,985	1,305,753	1,987,985	1,305,753
Net cash provided by operating activities	20(b)	3,919,853	3,781,634	4,114,614	3,768,335
Cash flows from investing activities					
Redemption/(reinvestment) of term deposit		(5,059,944)	(11,188,388)	(5,059,944)	(11,188,388)
Proceeds on sale of property, plant and equipment		-	763,237	-	763,237
Proceeds from deferred settlement of property, plant and equipment		-	7,100,000	-	7,100,000
Payments for property, plant and equipment		(4,981,423)	(8,634,561)	(1,013,503)	(8,634,561)
Net cash used in investing activities		(10,041,367)	(11,959,712)	(6,073,447)	(11,959,712)
Cash flows from financing activities					
Proceeds of accommodation bond held in trust		5,078,629	3,500,555	5,078,629	3,500,555
Proceeds from borrowings		1,956,296	-	-	-
Amounts (advanced to) / received from related parties		-	-	(2,408,790)	43,000
Net cash provided by financing activities		7,034,925	3,500,555	2,669,839	3,543,555
Net increase/(decrease) in cash and cash equivalents		913,411	(4,677,523)	711,006	(4,647,822)
Cash and cash equivalents at the beginning of the financial year		2,181,108	6,858,631	2,180,596	6,828,418
Cash and cash equivalents at the end of the financial year	20(a)	3,094,519	2,181,108	2,891,602	2,180,596

Notes to the financial statements are included on pages 12 to 34.

1. General information

Jewish Care (Victoria) Incorporated is an incorporated association incorporated in Australia and operating in Australia.

Jewish Care (Victoria) Incorporated's registered office and its principal place of business are as follows:

Registered office	**Principal place of business**
619 St Kilda Road	619 St Kilda Road
Melbourne VIC 3004	Melbourne VIC 3004
AUSTRALIA	AUSTRALIA

2. Significant accounting policies

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and Interpretations and the requirements of the Associations Incorporation Act of Victoria 1981.

The financial report covers Jewish Care (Victoria) Incorporated as an individual entity and Jewish Care (Victoria) Incorporated and controlled entities as an economic entity. The financial report complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety as applicable to not-for-profit entities.

The financial statements were authorised for issue by the Committee of Management on 26 August 2008 .

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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.

Adoption of new and revised Accounting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out below. The Group has also adopted the following Standards as listed below which only impacted on the Group's financial statements with respect to disclosure.

- AASB 101 'Presentation of Financial Statements (revised October 2006)
- AASB 7 'Financial Instruments: Disclosure'

2. Significant accounting policies (continued)

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Principles of Consolidation

A controlled entity is any entity controlled by Jewish Care (Victoria) Incorporated. Control exists where Jewish Care (Victoria) Incorporated has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Jewish Care (Victoria) Incorporated to achieve the objectives of Jewish Care (Victoria) Incorporated. Details of the controlled entities are contained in Note 19.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Where a controlled entity has entered or left the economic entity during the year its operating results have been included from the date control was obtained or until the date control ceased.

(b) Inventories

Inventories are measured at the lower of cost and current replacement cost. Costs are assigned on a first-in first-out basis and include direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenses.

(c) Land and Buildings

Land and buildings forming part of the entity's future direction are measured on the fair value basis, being the amount for which an asset could be exchanged between knowledgeable and willing parties in an arm's length transaction. It is the policy of the economic entity to have an independent valuation performed every three years, with annual appraisals being made by the Committee of Management. In assessing the fair value of the crown grant land at 619 St Kilda Road Melbourne, the restrictions on use have been considered.

Any net revaluation increment arising is credited to the asset revaluation reserve, except where a net revaluation decrement has previously been recognised as an expense for that particular class of assets, in which case the net revaluation increment is recognised as revenue, but only to the extent of the previous revaluation decrement.

Any net revaluation decrement arising is recognised as an expense for the period, except where a credit balance exists in the asset revaluation reserve for that particular class of assets, in which case the net revaluation decrement is credited to the reserve, but only to the extent of the previous revaluation decrement.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

(d) Property, Plant and Equipment

Plant and equipment are measured on the cost basis less accumulated depreciation and impairment losses.
The carrying amount is reviewed by the Committee of Management to ensure that it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected cash flows which will be received from the assets employed and subsequent disposal.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated on a straight line basis over the useful lives of the assets to the economic entity 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.

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

Class of fixed asset	Depreciation rates	Depreciation basis
Buildings	4 %	Straight Line
Motor Vehicles	20 %	Straight Line
Furniture Fixtures and Fittings	10 %	Straight Line
Computer Equipment	33.3 %	Straight Line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.
Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

2. Significant accounting policies (continued)

(e) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the economic entity are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(f) Employee Benefits

Provision is made for the economic entity'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 plus related on-costs. 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. Following change in the Long Service Leave Act, employees are now entitled to their long service leave entitlement as from their 7th year of service instead of their 10th year of service previously. Contributions are made by the economic entity to the Hesta and HealthSuper Superannuation Funds in accordance with the Superannuation Guarantee Act 1992 and the contributions are charged as expenses when incurred.

(g) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will results and that outflow can be reliably measured.

(h) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(i) Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the company financial statements. Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity investments', 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

<u>Financial assets at fair value through profit and loss</u>

Financial assets are classified as financial assets at fair value through profit or loss where the financial asset:

- has been acquired principally for the purpose of selling in the near future;
- is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

<u>Loans and receivables</u>

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest income is recognised by applying the effective interest rate.

<u>Held-to-maturity investments</u>

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates where that the group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

2. Significant accounting policies (continued)

(i) Financial assets (continued)

Available-for-sale financial assets

Certain shares and redeemable notes held by the Group are classified as being available-for-sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

Dividends on available-for-sale equity instruments are recognised in profit and loss when the Group's right to receive the dividends is established.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in equity.

Term deposits

Investments in term deposits are measured on the cost basis.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

(j) Financial Instruments issued by the company

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

(k) Business Combinations

A business combination is the bringing together of separate entities or businesses into one reporting entity. Jewish Care has evolved after many years of combinations of entities which promoted and provided for the well-being of Jewish people in need of care in the State of Victoria by attending to their physical, mental, emotional and spiritual needs.

AASB1 provides an exemption for business combinations. That is, an entity may elect not to apply AASB3 Business Combinations retrospectively to past business combinations. The Committee of management of Jewish Care has elected in writing to not apply AASB3 to past business combinations.

2. Significant accounting policies (continued)

(l) Impairment of Assets

At each reporting date, the association reviews the carrying values of its tangible assets to determine whether there is an indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the association estimates the recoverable amount of the cash generating unit to which the asset belongs.

(m) Revenue

Government grant revenue is recognised when the economic entity gains control of the funds. Revenue from the rendering of a service is recognised upon the delivery of the service to the residents. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Revenue on sale of non current assets is recognised when an unconditional sale contract is signed and the risks and rewards of ownership have transferred to the purchaser. All revenue is stated net of the amount of goods and services tax (GST).

(n) Accommodation bonds

Accommodation bonds received from incoming residents are held in trust for each individual resident and are recognised as a liability. Monthly retention fees are deducted from each bond account according to the statutory requirements and are recognised as revenue. Interest earned on all monies is recognised as revenue.

(o) Bequests and donations

Bequests received that have specific purpose requirements in respect of how the funds are to be used are recognised as liabilities upon initial receipt. The funding is recognised as revenue in subsequent periods as it is consumed under the terms of the agreement.

Bequests and donations received that do not have stringent and legally enforceable spending requirements are recognised as revenue when received.

(p) Income taxes

Jewish Care (Victoria) Incorporated is a recognised resident Public Benevolent Institution and the controlled entities are exempt charitable trusts under the provisions of the Income Tax Assessment Act (as amended) and as such are not subject to income taxes at this time. Accordingly, no income tax has been provided for the economic entity in these financial statements.

(q) Goods and Services Tax (GST)

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

(r) Comparative Figures

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

2. Significant accounting policies (continued)

(s) Standards and Interpretations issued not yet effective

At the date of authorisation of the financial report, the following Standards and Interpretations listed below were in issue but not yet effective:

Initial application of the following Standards will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the Group and the association's financial report:

Standards	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 101 'Presentation of Financial Statements' (revised September 2007), AASB 2007-8 'Amendments to Australian Accounting Standards arising from AASB 101'	1 January 2009	30 June 2010
• AASB 8 'Operating Segments', AASB 2007-3 'Amendments to Australian Accounting Standards arising from AASB 8'	1 January 2009	30 June 2010

Initial application of the following Standards and Interpretations is not expected to have any material impact on the financial report of the Group and the company:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 123 'Borrowing Costs' (revised), AASB 2007-6 'Amendments to Australian Accounting Standards arising from AASB 123'	1 January 2009	30 June 2010
• AASB 3 'Business Combinations' (2008), AASB 127 'Consolidated and Separate Financial Statements' and AASB 2008-3 'Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127'	AASB 3 (business combinations occurring after the beginning of annual reporting periods beginning 1 July 2009), AASB 127 and AASB 2008-3 (1 July 2009)	30 June 2010
• AASB 2008-1 'Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations'	1 January 2009	30 June 2010
• AASB 2008-2 'Amendments to Australian Accounting Standards - Puttable Financial Instruments and Obligations arising on Liquidation'	1 January 2009	30 June 2010
• AASB Interpretation 12 'Service Concession Arrangements', AASB Interpretation 4 'Determining whether an Arrangement contains a Lease' (revised), AASB Interpretation 129 'Service Concession Arrangements: Disclosure' (revised), AASB 2007-2 'Amendments to Australian Accounting Standards arising from AASB Interpretation 12'	1 January 2008	30 June 2009
• AASB Interpretation 13 'Customer Loyalty Programmes'	1 July 2008	30 June 2009
• AASB Interpretation 14 'AASB 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'	1 January 2008	30 June 2009

The initial application of the expected issue of an Australian equivalent accounting standard to the following standard is not expected to have a material impact on the financial report of the Group and the company:

2. Significant accounting policies (continued)

(s) Standards and Interpretations issued not yet effective (cont'd)

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• Improvements to IFRSs (2008)	1 January 2009	30 June 2010
• Amendments to IFRS 1 'First-time Adoption of International Financial Reporting Standards' and IAS 27 'Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate'	1 January 2009	30 June 2010
• IFRIC 15 'Agreements for the Construction of Real Estate'	1 January 2009	30 June 2010
• IFRIC 16 'Hedges of a Net Investment in a Foreign Operation'	1 October 2008	30 June 2010

	Economic Entity		Parent Entity	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
3. Revenue				
Other revenue:				
Donations	908,001	601,234	908,001	601,234
Bequests	4,274,133	4,926,359	4,259,615	4,913,001
Appeals	1,937,039	2,081,068	1,937,039	2,081,068
Interest revenue	1,987,985	1,305,753	1,987,985	1,305,753
Capital appeal	1,968,500	2,066,089	1,968,500	2,066,089
Other revenue	144,251	139,590	144,251	139,590
	11,219,909	11,120,093	11,205,391	11,106,735

4. Profit for the year before tax

(a) Gains and losses

Profit / (loss) for the year has been arrived at after crediting/(charging) the following gains and losses

	Economic Entity 2008	Economic Entity 2007	Parent Entity 2008	Parent Entity 2007
Gain on disposal of property, plant and equipment	-	144,838	-	144,838

(b) Other expenses

Profit for the year includes the following expenses:

	Economic Entity 2008	Economic Entity 2007	Parent Entity 2008	Parent Entity 2007
Depreciation of non-current assets				
Computer Equipment	(22,457)	(33,139)	(22,457)	(33,139)
Buildings	(497,739)	(215,113)	(497,739)	(215,113)
Motor Vehicles	(21,088)	(23,829)	(21,088)	(23,829)
Furniture, fixtures, fittings	(297,730)	(415,467)	(297,730)	(415,467)
Total depreciation and amortisation	(839,014)	(687,548)	(839,014)	(687,548)
Computer Rental Costs	(145,153)	(171,008)	(145,153)	(171,008)
Community Development Expenses				
- fundraising	(839,799)	(751,772)	(839,799)	(751,772)
- gala dinner expenses	-	(152,050)	-	(152,050)
- organisational development and marketing	(114,759)	(117,902)	(114,759)	(117,902)
	(954,558)	(1,021,724)	(954,558)	(1,021,724)
Other expenses				
- emergency services	(92,721)	(168,100)	(92,721)	(168,100)
- security services	(199,368)	(187,750)	(199,368)	(187,750)
- travel and motor vehicle expenses	(160,431)	(190,985)	(160,431)	(190,985)
- rates and insurance	(235,126)	(286,706)	(235,126)	(286,706)
- rental expenses	(188,661)	(184,315)	(188,661)	(184,315)
- other expenses	(144,713)	(161,907)	(130,195)	(148,549)
	(1,021,020)	(1,179,763)	(1,006,502)	(1,166,405)

5. Income taxes

Jewish Care (Victoria) Incorporated is a recognised resident Public Benevolent Institution and the controlled entities are exempt charitable trusts under the provisions of the Income Tax Assessment Act (as amended) and as such are not subject to income taxes at this time. Accordingly, no income tax has been provided for the economic entity in these financial statements.

6. Cash and cash equivalents

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Cash on hand	8,170	7,722	7,210	7,210
Cash at Bank	3,086,349	2,173,386	2,884,392	2,173,386
	3,094,519	2,181,108	2,891,602	2,180,596

7. Trade and other receivables

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Current				
Accommodation debtors	325,541	282,249	325,541	282,249
Less provision for doubtful debts	(80,044)	(97,618)	(80,044)	(97,618)
	245,497	184,631	245,497	184,631
Secured loan debtors	528,375	364,876	528,375	364,876
Less provision for doubtful debts	(397)	(397)	(397)	(397)
	527,978	364,479	527,978	364,479
GST receivable	247,919	81,991	92,006	81,991
Other debtors	1,015,253	1,118,738	1,015,218	1,118,704
	2,036,647	1,749,839	1,880,699	1,749,805
Non-current				
Amounts receivable from:				
- controlled entities	-	-	9,285,000	77,326

The average credit period on sales of goods is 60 days. No interest is charged on the trade receivables. An allowance has been made for estimated irrecoverable amounts arising from the past provision of accommodation and services, determined by reference to past default experience. The Group has provided for specific receivables over 120 days determined by reference to their re-payment history.

Included in the Group's trade receivable balance are debtors with a carrying amount of $119,873 which are past due at the reporting date for which the Group has not provided as the Group believes that the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Ageing of past due but not impaired

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
60 -90 days	77,651	53,752	77,651	53,752
90 – 120 days	42,222	55,742	42,222	55,742

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
7. Trade and other receivables (cont'd)				
Movement in the allowance for doubtful debts				
Balance at the beginning of the year	98,105	89,213	98,105	89,213
Impairment losses recognised on receivables	16,643	24,723	16,643	24,723
Amounts written off as uncollectible	(34,217)	(15,921)	(34,217)	(15,291)
Balance at the end of the year	80,441	98,105	80,441	98,105

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

Ageing of impaired trade receivables				
60 -90 days	77,651	53,752	77,651	53,752
90 – 120+ days	121,266	153,360	121,266	153,360
	198,917	207,112	198,917	207,112
8. Inventories				
Finished goods	-	37,714	-	37,714
9. Other financial assets				
Share Investments	191,381	282,152	191,381	282,152
Term deposits	12,044,413	11,972,328	12,044,413	11,972,328
Term deposits (Accomodation bonds)	17,064,784	11,986,154	17,064,784	11,986,154
Residents funds held in trust	-	-	-	-
Encumbered bequests held in trust	124,810	124,810	124,810	124,810
	29,425,388	24,365,444	29,425,388	24,365,444

10. Property, Plant and equipment

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Land and Buildings	51,045,442	47,840,333	45,795,442	47,840,333
Building under construction	5,040,481	856,876	288,126	856,876
Motor vehicles	106,632	69,060	106,632	69,060
Furniture and fittings	1,273,142	1,257,556	1,273,142	1,257,556
Computer equipment	32,195	39,125	32,195	39,125
	57,497,892	50,062,950	47,495,537	50,062,950

Economic Entity	Land and Buildings at fair value $	Buildings under construction $	Motor Vehicles $	Furniture and fittings at cost $	Computer equipment $	Total $
Gross carrying amount						
Balance at 1 July 2006	35,732,987	-	92,889	1,472,125	40,846	37,338,847
Additions	7,545,369	856,876	-	200,898	31,418	8,634,561
Revaluation increment	5,395,490	-	-	-	-	5,395,490
Disposals	(618,400)	-	-	-	-	(618,400)
Depreciation expense	(215,113)	-	(23,829)	(415,467)	(33,139)	(687,548)
Balance at 30 June 2007	47,840,333	856,876	69,060	1,257,556	39,125	50,062,950
Additions	410,315	4,183,605	58,660	313,316	15,527	4,981,423
Net revaluation increment	3,292,533	-	-	-	-	3,292,533
Depreciation expense	(497,739)	-	(21,088)	(297,730)	(22,457)	(839,014)
Balance at 30 June 2008	51,045,442	5,040,481	106,632	1,273,142	32,195	57,497,892

Parent Entity	Land and Buildings at fair value $	Buildings under construction $	Motor Vehicles $	Furniture and fittings at cost $	Computer equipment $	Total $
Gross carrying amount						
Balance at 1 July 2006	35,732,987	-	92,889	1,472,125	40,846	37,338,847
Additions	7,545,369	856,876	-	200,898	31,418	8,634,561
Revaluation increment	5,395,490	-	-	-	-	5,395,490
Disposals	(618,400)	-	-	-	-	(618,400)
Depreciation expense	(215,113)	-	(23,829)	(415,467)	(33,139)	(687,548)
Balance at 30 June 2007	47,840,333	856,876	69,060	1,257,556	39,125	50,062,950
Transfers to Jewish Care Property SPV Ltd	(6,000,000)	(784,435)	-	-	-	(6,784,435)
Additions	410,315	215,685	58,660	313,316	15,527	1,013,503
Revaluation increment	4,042,533	-	-	-	-	4,042,533
Depreciation expense	(497,739)	-	(21,088)	(297,730)	(22,457)	(839,014)
Balance at 30 June 2008	45,795,442	288,126	106,632	1,273,142	32,195	47,495,537

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$

10. Property, Plant and equipment (cont'd)

Committee's valuation

The committee have reviewed the carrying values of land and buildings as at 30 June 2008. In doing so, the committee has considered the following:

Land and Buildings were valued in two tranches, one as at 30 June 2007 and the second at 30 June 2008 by an independent valuer, Charter Keck Cramer. The valuations were $ 18.865 million and $ 31.495 million respectively using the fair value basis. The combined valuations of $ 50.360 million are in excess of book value of the assets valued.

Valuations were made on the basis of open market value by reference to sales by similar qualifying assets in similar locations. The revaluation surplus was credited to an asset revaluation reserve in shareholder's equity.

11. Other current assets

Current				
Prepayments and deposits	49,132	52,176	49,132	52,176
Non-current				
Capitalised interest	39,296	-	-	-

12. Trade and other payables

Trade Creditors	2,176,539	1,491,750	2,176,539	1,491,750
Sundry Creditors and accruals	1,782,155	1,587,277	1,781,655	1,586,777
Resident Funds	205,934	210,269	205,934	210,269
	4,164,628	3,289,296	4,164,128	3,288,796

The average credit period on purchases of goods and services is 60 days. No interest is charged on the trade payables for the first 60 days from the date of the invoice. Specific suppliers may choose to charge interest after that period. The continuous monitoring of cash flow ensures that all payables are paid within the credit timeframe.

13. Provisions

Current				
Employee benefits	4,329,798	4,165,057	4,329,798	4,165,057
Non-current				
Employee benefits	710,102	706,741	710,102	706,741
a) Aggregate employee benefit liability	5,039,900	4,871,798	5,039,900	4,871,798
b) Number of employees at year end	585	597	585	597

14. Borrowings

Secured - at amortised cost				
Non-Current				
Bank loan	1,956,296	-	-	-

		Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
15. Other Current liabilities					
Non-Current					
Amounts payable to controlled entities		-	-	412,956	398,956
Deposits held in trust (Accomodation Bonds)		17,064,784	11,986,155	17,064,784	11,986,155
		17,064,784	11,986,155	17,477,740	12,385,111
16. Reserves					
General Reserve	(a)	1,369,550	1,369,550	1,369,550	1,369,550
Asset revaluation	(b)	22,989,694	19,697,161	23,739,694	19,697,161
Other reserve	(c)	3,074,794	3,074,794	3,025,968	3,025,968
		27,434,038	24,141,505	28,135,212	24,092,679

(a) General reserve

Balance at beginning and end of financial year	1,369,550	1,369,550	1,369,550	1,369,550

The general reserve is used from time to time to transfer profits from retained profits. There is no policy of regular transfer.

(b) Asset revaluation reserve

Balance at beginning of financial year	19,697,161	14,301,671	19,697,161	14,301,671
Revaluation increments/(decrements)	3,292,533	5,395,490	4,042,533	5,395,490
Balance at end of financial year	22,989,694	19,697,161	23,739,694	19,697,161

The asset revaluation reserve arises on the revaluation of land and buildings. Where a revalued land or building is sold that portion of the asset revaluation reserve which relates to that asset, and is effectively realised, is transferred directly to retained profits.

(c) Other reserve

Balance at beginning and end of financial year	3,074,794	3,074,794	3,025,968	3,025,968

17. Accumulated surplus

Balance at beginning of financial year	34,160,477	31,267,664	33,887,627	30,994,814
Net profit attributable to members of the parent entity	2,322,751	2,892,813	2,322,751	2,892,813
Transfer from asset revaluation reserve	-	-	-	-
Balance at end of financial year	36,483,228	34,160,477	36,210,378	33,887,627

18. Commitments for expenditure

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
(a) Capital expenditure commitments				
Purchase of property: 4-8 Freeman Street, Caulfield				
Not longer than 1 year	10,704,823	-	-	-
	10,704,823	-	-	-
(b) Other expenditure commitments				
Rental Commitments				
Not longer than 1 year	187,248	182,248	187,248	182,248
Longer than 1 year and not longer than 5 years	293,846	481,094	293,846	481,094
	481,094	663,342	481,094	663,342

Rental commitments relate to 76-78 Kooyong Road, North Caulfield and 83 Glen Eira Road, Caulfield.

Commitments - Montefiore Home for the Aged Foundation Inc (The Foundation)
The merger of the former Montefiore Homes for the Aged Inc. and Jewish Community Services Inc. to create Jewish Care (Victoria) Inc (JCV) led to the winding up of the former Foundation. It was recognised prior to the winding up that some donations were made to the Foundation for certain specific purposes and although it was not a requirement of the winding up of the Foundation that the monies be used for the specific purpose, the Foundation and JCV agreed that it would be appropriate to fulfill in spirit the conditions attached to the specific purpose donations by obliging JCV to dedicate funds to the specific purposes on an ongoing basis. Therefore, certain funds included in investments can only be used for specific purposes. The conditions for the specific purpose donations have been met by JCV for the year ended 30 June 2008.

19. Controlled Entities

Name of entity	Country of incorporation	Ownership interest 2008 %	Ownership interest 2007 %
Parent entity			
Jewish Care (Victoria) Incorporated	Australia		
Subsidiaries			
Jewish Aid Society Incorporated	Australia	100	100
Jewish Care Property SPV Ltd	Australia	100	-

During the year Jewish Care (Victoria) Incorporated formed a new company, Jewish Care Property SPV Ltd. Jewish Care Property SPV Ltd was formed for the purpose of taking transfer of property and developing the property at 4-8 Freeman Street, Caulfield.

20. Notes to the cash flow statement

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Cash on hand	8,170	7,722	7,210	7,210
Cash at Bank	3,086,349	2,173,386	2,884,392	2,173,386
	3,094,519	2,181,108	2,891,602	2,180,596

(b) Reconciliation of profit for the period to net cash flows from operating activities

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Profit for the year	2,322,751	2,892,813	2,322,751	2,892,813
Depreciation and amortisation	839,014	687,548	839,014	687,548
Gain on sale or disposal of non-current assets	-	(144,838)	-	(144,838)
Changes in net assets and liabilities:				
(Increase)/decrease in assets:				
Trade and other receivables	(286,808)	(810,701)	(145,343)	(823,966)
Inventories	37,714	593,730	37,714	593,730
Other assets	(36,252)	16,318	3,044	16,284
Increase/(decrease) in liabilities:				
Trade and other payables	875,332	567,717	889,332	567,717
Provisions	168,102	(20,953)	168,102	(20,953)
	3,919,853	3,781,634	4,114,614	3,768,335

21. Financial Instruments

(a) Categories of financial instruments

	Economic Entity		Parent Entity	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Financial assets				
Loans and receivables	2,036,647	1,749,839	1,880,699	1,749,805
Cash and cash equivalents	32,328,526	26,264,400	32,125,609	26,263,888
Available for sale financial assets	191,381	282,152	191,381	282,152
Financial liabilities				
Amortised Cost	21,229,412	15,275,451	21,641,868	15,673,907
Financial guarantee contract	1,956,296	-	-	-

(b) Financial Risk Management Objective

The Association and the Group's management monitors and manages the financial risks relating to the operations of the Group through internal analysis to determine any risk exposure. These risks include currency risks related to Claims Conference funding, credit risk, interest rate risk and liquidity risk. The Group seeks to minimise the effect of these risks by using derivative financial instruments to hedge these risks exposure.

(c) Market Risk

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates (Claims Conference funding) and interest rates. The group enters into specific derivative financial instruments to manage its exposure to these risks including:

- Forward Foreign Exchange Contracts for Claims Conference funding received
- Fixed Maturity Investments for Accommodation Bonds held

The Association has not entered into any forward foreign exchange contract as at 30 June 2008.

(d) Foreign Currency Risk Management

The Group undertakes certain transactions denominated in foreign currencies, hence exposure to exchange rate fluctuations. Exchange rate exposures are managed utilising forward foreign exchange contracts.

(e) Interest Rate Risk Management

The Group is exposed to interest rate risk as it invests at both fixed and variable interest rates. The risk is managed by adopting a conservative approach with regards to long and short-term investment srategies.

(f) Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The maximum exposure to credit risk, excluding the value of any collateral or other security, at the balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the Balance Sheet and notes to the financial report. The group does not have any material risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group.

The Association provides a guarantee over finance provided to a subsidiary up to the amount of $17.85 million.

(g) Liquidity Risk Management

The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

(g) Liquidity Risk Management (Cont'd)

Liquidity and interest risk tables

The following tables detail the association's and the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables includes both interest and principal cash flows.

Economic Entity	Weighted average effective interest rate %	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years
2008						
Non-interest bearing		205,934	3,958,694			
Variable interest financial instrument	9.2%		200,000	16,864,784	-	-
Financial guarantee contract		-	-	-	1,956,296	-
		205,934	4,158,694	16,864,784	1,956,296	-
2007						
Non-interest bearing		210,269	3,079,027	-	-	-
Variable interest financial instrument	10%	323,000	969,000	10,694,000	-	-
		533,269	4,048,027	10,694,000	-	-

Parent Entity	Weighted average effective interest rate %	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years
2008						
Non-interest bearing		205,934	3,958,194	-	-	-
Variance interest financial instrument	9.2%	-	200,000	16,864,784	-	-
		205,934	4,158,194	16,864,784	-	
2007						
Non-interest bearing		210,269	3,078,527	-	-	-
Variance interest financial instrument	10%	323,000	969,000	10,694,000	-	-
		533,269	4,047,527	10,694,000	-	-

(g) Liquidity Risk Management (Cont'd)

The following table details the Association's and the Group's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Association/Group anticipates that the cash flow will occur in different period.

Economic Entity	Weighted average effective interest rate %	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years
2008						
Non-interest bearing		504,456	481,551	753,434	537,978	-
Variable interest rate instruments	7.13%	3,270,098	8,627,450	20,422,808	-	-
		3,774,554	9,109,001	21,176,242	537,978	-
2007						
Non-interest bearing		373,116	431,894	860,225	347,479	-
Variable interest rate instruments	5.42%	2,298,196	23,795,503	-	-	-
		2,671,312	24,227,397	860,225	347,479	-

Parent Entity	Weighted average effective interest rate %	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years
2008						
Non-interest bearing		346,132	440,329	753,434	9,824,428	-
Variable interest rate instruments	7.13%	3,068,141	8,627,450	20,422,808	-	-
		3,414,273	9,067,779	21,176,242	9,824,428	-
2007						
Non-interest bearing		353,304	431,894	860,225	471,105	-
Variable interest rate instruments	5.42%	2,298,196	23,795,503	-	-	-
		2,651,500	24,227,397	860,225	471,105	-

The Association does not hold any derivative financial instruments

22. Related party transactions

(a) Transactions with key management personnel

	Salary $	Superannuation $	Total $
i. Key management personnel compensation	560,483	55,432	615,915

ii. Committee of Management

Details of the Committee of Management are listed below. All members of the Committee of Management held office during the period in an honorary capacity.

Committee of Management
Mrs Nina Bassat AM
Mr Andrew Blode
Mr David Brous
Mr Farrel Meltzer
Prof Frank Oberklaid OAM
Assoc Prof Leslie Reti
Mr Michael Schoenfeld
Mr Andrew Schwartz
Mrs Robyne Schwarz
Mrs Louse Zygier
Dr Joel Freeman
Mr Daniel Jenshel
Mr Jeffrey Appel
Mr Bruce Rosengarten

(b) Transactions with other related parties

Other related parties include:

- Subsidiary : Jewish Aid Society Incorporated
- Subsidiary : Jewish Care Property SPV Ltd

During the financial year, the following transactions occurred between the company and its other related parties:

- Jewish Care (Vic) Inc transferred land and building construction cost of $ 6 million and $ 3.193 million of the property on 4-8 Freeman Street, Caulfield to Jewish Care Property SPV Ltd. The land and building of 4 -8 Freeman Street will be transferred to Jewish Care (Vic) Inc when the construction of building on the site fully completed. Jewish Care (Vic) Inc provides a guarantee over finance provided to Jewish Care Property SPV Ltd up to the amount of $ 17.85 million.
- Jewish Care (Vic) Inc provided administration services to Jewish Aid Society Inc for the financial year with administration charge of $14,448.

22. Related parties transactions (Continued)

The following balances arising from transactions between the company and its other related parties are outstanding at reporting date:

	Economic Entity		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
(i) Amounts receivable from controlled entities:				
Jewish Aid Society Incorporated	-	-	91,775	77,326
Jewish Care Property SPV Ltd	-	-	9,193,225	-
(ii) Amounts payable to controlled entities:				
Jewish Aid Society Incorporated	-	-	412,956	398,956
Jewish Care Property SPV Ltd	-	-	-	-

All amounts advanced to or payable to related parties are unsecured and are subordinate to other liabilities. The amounts outstanding will be settled in cash. No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties. Transactions and balances between the association and its subsidiaries were eliminated in the preparation of consolidated financial statements of the Group.

23. Auditor of the parent entity

Audit or review of the financial report	56,000	52,000	56,000	52,000
Other services	4,000	3,000	4,000	3,000
	60,000	55,000	60,000	55,000

The auditor of Jewish Care (Victoria) Incorporated is Deloitte Touche Tohmatsu.

24: Segment Reporting

Economic Entity and Parent Entity

	Residential Services		Community Services		Total	
	2008 $	2007 $	2008 $	2007 $	2008 $	2007 $
Revenue from ordinary activities						
Accommodation charges	6,169,154	5,903,999	979,620	929,866	7,148,774	6,833,865
Subsidies- Government subsidies	12,677,890	12,735,135	5,882,940	4,962,814	18,560,830	17,697,949
Subsidies - External	-	-	1,308,732	1,598,617	1,308,732	1,598,617
- Others	-	-	-	-	-	-
Investment	-	-	-	-	-	-
- Profit on sale of property, plant and equipment	-	-	-	-	-	144,838
Proceeds from sale of bed licences	-	-	-	-	-	-
Other revenues from ordinary activities (4)	-	-	-	-	11,147,399	11,106,735
					38,165,735	37,382,004
Expense from ordinary activities						
Employee benefits expenses	(14,418,010)	(13,940,022)	(6,297,729)	(6,198,529)	(20,715,739)	(20,138,551)
Depreciation and amortisation expenses	-	-	-	-	(839,014)	(687,548)
External services	-	-	-	-	-	-
Food expenses	(3,732,437)	(3,525,944)	(134,717)	(109,760)	(3,867,154)	(3,635,704)
Repairs and maintenance	(1,120,378)	(1,166,863)	(163,501)	(167,004)	(1,283,879)	(1,333,867)
Medical and other supplies	(723,332)	(594,684)	(22,499)	(25,273)	(745,831)	(619,957)
Consulting expenses	(118,907)	(40,090)	(79,108)	(72,760)	(198,015)	(112,850)
Energy, rates and insurance	(544,540)	(566,351)	(63,879)	(66,664)	(608,419)	(633,015)
Office administration expenses	(300,155)	(252,611)	(341,265)	(382,953)	(641,420)	(635,564)
Laundry expenses	(390,637)	(394,774)	(1,489)	(1,827)	(392,126)	(396,601)
Security expenses	(199,368)	(187,647)	-	-	(199,368)	(187,647)
Rental expenses	-	-	(188,661)	(184,315)	(188,661)	(184,315)
Emergency services	-	-	(92,721)	(168,100)	(92,721)	(168,100)
Client and resident costs	(58,683)	(60,132)	(843,261)	(613,833)	(901,944)	(673,965)
Travel and motor vehicle expenses	(10,345)	(10,247)	(100,779)	(87,828)	(111,124)	(98,075)
Sundry Expenses	(17,951)	(20,989)	(71,269)	(114,898)	(89,220)	(135,887)
Marketing and public relations expenses	-	-	-	-	(114,759)	-
Fundraising expenditure	-	-	-	-	(839,799)	(903,822)
Head office expenses	-	-	-	-	(4,013,791)	(3,943,723)
					35,842,984	34,489,191
Profit before and after income tax expense					2,322,751	2,892,813

24. Segment reporting (cont'd)

	Residential Services		Other Services		Total	
	2008 $	2007 $	2008 $	2007 $	2008 $	2007 $
Current assets						
Cash and cash equivalents	1,241,302	1,012,688	1,853,217	1,168,420	3,094,519	2,181,108
Trade and other receivables	346,669	79,393	1,689,977	1,588,455	2,036,646	1,749,839
Inventories	-	29,487	-	8,227	-	37,714
Financial assets	18,553,408	13,531,598	10,871,980	10,833,846	29,425,388	24,365,444
Other Assets	28,438	52,176	20,694	-	49,132	52,176
Total current assets	20.169,817	14,705,342	14,435,869	13,598,948	34,605,686	28,386,281
Non-current assets						
Property, plant and equipment	37,518,178	30,614,578	19,979,714	19,448,372	54,497,892	50,062,950
Other	39,296		-		39,296	-
Total non-current assets	37,557,474	30,614,578	19,979,714	19,448,372	57,537,188	50,062,950
Total assets	57,727,291	45,319,920	34,415,583	33,047,320	92,142,874	78,449,231
Current liabilities						
Trade and other payables	2,676,288	2,288,971	1,488,430	918,334	4,164,628	3,289,296
Provisions	3,047,368	2,933,347	1,282,430	1,231,710	4,329,798	4,165,057
Other liabilities	17,064,784	11,986,155	-	-	17,064,784	11,986,155
Total current liabilities	22,788,440	17,208,473	2,770,770	2,150,044	25,559,210	19,440,508
Non-current liabilities						
Provisions	499,784	497,740	210,318	209,001	710,102	706,741
Borrowings	1,956,296	-	-	-	1,956,296	-
Total non-current liabilities	2,456,080	497,740	210.318	209,001	2,666,398	706,741
Total liabilities	25,244,520	17,706,213	2,981.089	2,359,045	28,225,608	20,147,249
Net assets	32,482,771	27,613,707	31,434,495	30,688,275	63,917,266	58,301,982
Equity						
Accumulated Surplus	20,795,440	19,471,472	15,687,788	14,689,005	36,483,228	34,160,477
Reserves	11,687,331	8,142,235	15,746,707	15,999,270	27,434,038	24,141,505
Total equity	32,482,771	27,613,707	31,434,495	30,688,275	63,917,266	58,301,982