Jewish Care (Victoria) Incorporated and Controlled Entities

REG: A00 407 05X

Annual report for the financial year ended 30 June 2010

General purpose financial report for the financial year ended 30 June 2010

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 2010. 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:

- Mr Jeffrey Appel
- Mr Andrew Blode
- Mr David Brous (term expired in October 2009)
- Ms Laura Davis (term expired in October 2009)
- Mr Mike Debinski (elected in November 2009)
- Dr Joel Freeman
- Mr Daniel Jenshel
- Mr Farrel Meltzer
- Prof Frank Oberklaid OAM (resigned in December 2009)
- Ms Marcia Pinskier (elected in November 2009)
- Assoc Prof Leslie Reti
- Mr Michael Schoenfeld
- Mr Bruce Rosengarten
- Mr Andrew Schwartz (term expired in October 2009)
- Mrs Robyne Schwarz

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

Principal activities

The principal activities of the Association during the financial year 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. Deficit for the year of $270,333 (2009 surplus: $1,997,648) is made up as follows:

	2010		2009	
	$	$	$	$
Deficit from ordinary activities of the economic entity after related income tax		***(7,922,345)***		***(6,711,821)***
- Community Annual Appeal and donations net of cost		*2,009,856*		*1,800,972*
Loss after Annual Appeal and donations net of cost		*(5,912,489)*		*(4,910,849)*
Non Recurrent Items:				
- Capital Appeal	*1,239,667*		*2,686,644*	
- Gain on sale of Property, Plant and Equipment	*940,021*		*12,000*	
		2,179,688		*2,698,644*
Loss after Non Recurrent Items		*(3,732,801)*		*(2,212,205)*
Community Contributions:				
- Bequests		*3,462,468*		*4,209,854*
(Deficit)/surplus from ordinary operating activities		***(270,333)***		***1,997,648***

Net Assets

Movement in Net Assets is made up of:

	2010	2009
	$	$
Opening balance	64,348,132	63,917,267
Add: (Deficit)/surplus after tax	(270,333)	1,997,648
Add: (Distributed)/undistributed reserve	(6,300)	6,298
Add: Revaluation increment/(decrement) in land and buildings	2,457,748	(1,546,860)
Add: Revaluation increment/(decrement) in investments	1,236	(26,221)
Closing balance	66,530,483	64,348,132

Changes in state of affairs

There was no significant change in the state of affairs of the economic 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 economic entity, the results of those operations, or the state of affairs of the economic entity in future financial years.

Future developments

Disclosure of information regarding likely developments in the operations of the economic entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the economic 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 indemnify Committee members and officers against loss for which they may not be legally indemnified 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 indemnity 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 year, 11 committee meetings were held.

	Committee Meetings	
Directors	**Eligible to attend**	**Attended**
Mr Andrew Blode	11	7
Mr David Brous	4	4
Mr Jeffrey Appel	11	9
Ms Laura Davis	4	4
Mr Mike Debinski	7	6
Mr Farrel Meltzer	11	6
Prof Frank Oberklaid OAM	6	5
Ms Marcia Pinskier	7	7
Assoc Prof Leslie Reti	11	10
Mr Michael Schoenfeld	11	9
Mr Andrew Schwartz	4	4
Mrs Robyne Schwarz	11	11
Dr Joel Freeman	11	8
Mr Daniel Jenshel	11	7
Mr Bruce Rosengarten	11	11

Proceedings on behalf of economic entity

No person has applied for leave of Court to bring proceedings on behalf of the economic entity or intervene in any proceedings to which the economic entity is party for the purpose of taking responsibility on behalf of the economic entity for all or any part of those proceedings.

The economic entity was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Committee.

On behalf of the Committee

Committee Member
Melbourne, 29 September 2010

Committee Member
Melbourne, 29 September 2010

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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 statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of cash flows and statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by Members of the Committee of the consolidated entity comprising the Association and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 6 to 32.

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.

Auditor's Independence Declaration

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

Deloitte.

Auditor's Opinion

In our opinion, the financial report of Jewish Care (Victoria) Incorporated presents fairly, in all material respects, the association's and consolidated entity's financial position as at 30 June 2010, 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

Robert D D Collie
Partner
Chartered Accountants
Melbourne, 29 September 2010

Statement by Members of the Committee

The Committee declares that:

(a) in the Committee's opinion, there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable; and

(b) in the Committee's opinion, the attached financial statements and notes thereto are in accordance with the Associations Incorporation Act of Victoria 1981, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Association.

Committee Member
Melbourne, 29 September 2010

Committee Member
Melbourne, 29 September 2010

Statement of comprehensive income for the year ended 30 June 2010

		Economic Entity		Parent Entity	
	Note	2010 $	2009 $	2010 $	2009 $
Fees and charges		9,294,793	7,384,930	9,294,793	7,384,930
Government subsidies		23,334,248	21,932,023	23,334,248	21,932,023
Gain on sale of property plant and equipment		940,021	12,000	940,021	12,000
Other revenues	4	9,502,684	11,922,491	9,488,503	11,906,471
Total revenues		43,071,746	41,251,444	43,057,565	41,235,424
Employee benefits expense	5	(26,554,944)	(25,435,523)	(26,554,944)	(25,435,523)
Depreciation and amortisation expenses	5	(1,769,596)	(908,521)	(1,096,668)	(908,521)
Community development expenses	5	(1,514,179)	(1,467,774)	(1,514,179)	(1,467,774)
External services expenses		(1,895,407)	(1,025,255)	(1,895,407)	(1,025,255)
Food expenses		(4,619,036)	(4,064,833)	(4,619,036)	(4,064,833)
Repairs and maintenance expenses		(1,264,467)	(1,498,131)	(1,264,467)	(1,498,131)
Medical and other supplies		(725,819)	(712,385)	(725,819)	(712,385)
Consulting expenses		(766,266)	(863,561)	(766,266)	(863,561)
Energy expenses		(481,538)	(425,093)	(481,538)	(425,093)
Administration expenses		(1,316,926)	(1,181,831)	(1,316,926)	(1,181,831)
Laundry expenses		(518,892)	(419,693)	(518,892)	(419,693)
Finance costs		(501,646)	(1,277)	(5,467)	(1,277)
Impairment of loan - Jewish Care Property SPV Pty Ltd	5	-	-	(3,485,269)	-
Other expenses	5	(1,413,363)	(1,249,919)	(1,345,191)	(1,233,822)
Total expenses		(43,342,079)	(39,253,796)	(45,590,069)	(39,237,699)
(Deficit)/surplus before tax	5	(270,333)	1,997,648	(2,532,504)	1,997,725
Income tax expense	6	-	-	-	-
(Deficit)/surplus after tax		(270,333)	1,997,648	(2,532,504)	1,997,725
Other comprehensive income/(loss)					
Gain/(loss) on revaluation of investment		1,236	(26,221)	1,236	(26,221)
Gain/(loss) on revaluation of property		2,457,748	(1,546,860)	2,457,748	(34,766)
Other comprehensive income/(loss) for the year		2,458,984	(1,573,081)	2,458,984	(60,987)
Total comprehensive income/(loss) for the year		2,188,651	424,567	(73,520)	1,936,738

Notes to the financial statements are included on pages 11 to 32.

Statement of financial position at 30 June 2010

		Economic Entity		Parent Entity	
	Note	2010 $	2009 $	2010 $	2009 $
Current assets					
Cash and cash equivalents	18(a)	3,173,033	8,912,947	2,948,970	8,751,557
Trade and other receivables	7	2,695,537	1,590,596	2,695,504	1,488,972
Other financial assets	8	21,769,286	24,101,797	21,769,286	24,101,797
Other assets	10	36,049	63,054	36,049	63,054
Total current assets		27,673,905	34,668,394	27,449,809	34,405,380
Non-current assets					
Trade and other receivables	7	-	-	344,876	9,300,987
Property, plant and equipment	9	79,074,938	72,097,954	79,074,938	50,024,761
Total non-current assets		79,074,938	72,097,954	79,419,814	59,325,748
Total assets		106,748,843	106,766,348	106,869,623	93,731,128
Current liabilities					
Trade and other payables	11	2,937,795	3,884,217	2,937,295	3,813,683
Provisions	12	4,354,356	4,563,298	4,354,356	4,563,297
Borrowings	13	16,417	15,350,986	16,417	16,850
Other liabilities	14	32,306,451	17,906,616	32,749,407	18,335,572
Total current liabilities		39,615,019	41,705,117	40,057,475	26,729,402
Non-current liabilities					
Provisions	12	543,360	636,701	543,360	636,701
Borrowings	13	59,981	76,398	59,981	76,398
Total non-current liabilities		603,341	713,099	603,341	713,099
Total liabilities		40,218,360	42,418,216	40,660,816	27,442,501
Net assets		66,530,483	64,348,132	66,208,807	66,288,627
Equity					
Reserves	15	28,319,939	25,867,255	30,533,207	28,080,523
Accumulated funds		38,210,544	38,480,877	35,675,600	38,208,104
Total equity		66,530,483	64,348,132	66,208,807	66,288,627

Notes to the financial statements are included on pages 11 to 32.

Statement of changes in equity for the year ended 30 June 2010

Economic Entity

	Asset revaluation reserve $	General reserves $	Other reserves $	Accumulated funds $	Total $
Balance at 1 July 2008	22,989,694	1,369,550	3,074,794	36,483,229	63,917,267
Surplus for the year	-	-	-	1,997,648	1,997,648
Other comprehensive loss for the year	(1,573,081)	-	-	-	(1,573,081)
Total comprehensive income for the year	(1,573,081)	-	-	1,997,648	424,567
Undistributed reserve	-	-	6,298	-	6,298
Balance at 30 June 2009	21,416,613	1,369,550	3,081,092	38,480,877	64,348,132
Deficit for the year	-	-	-	(270,333)	(270,333)
Other comprehensive income for the year	2,458,984	-	-	-	2,458,984
Total comprehensive income for the year	2,458,984	-	-	(270,333)	2,188,651
Distribution from reserve	-	-	(6,300)	-	(6,300)
Balance at 30 June 2010	23,875,597	1,369,550	3,074,792	38,210,544	66,530,483

Parent Entity

	Asset revaluation reserve $	General reserves $	Other reserves $	Accumulated funds $	Total $
Balance at 1 July 2008	23,739,694	1,369,550	3,025,968	36,210,379	64,345,591
Surplus for the year	-	-	-	1,997,725	1,997,725
Other comprehensive loss for the year	(60,987)				(60,987)
Total comprehensive income for the year	(60,987)			1,997,725	1,936,738
Undistributed reserve	-	-	6,298	-	6,298
Balance at 30 June 2009	23,678,707	1,369,550	3,032,266	38,208,104	66,288,627
Deficit for the year	-	-	-	(2,532,504)	(2,532,504)
Other comprehensive income for the year	2,458,984	-	-	-	2,458,984
Total comprehensive loss for the year	2,458,984	-	-	(2,532,504)	(73,520)
Distribution from reserve	-	-	(6,300)	-	(6,300)
Balance at 30 June 2010	26,137,691	1,369,550	3,025,966	35,675,600	66,208,807

Notes to the financial statements are included on pages 11 to 32.

Statement of cash flows
for the year ended 30 June 2010

	Note	Economic Entity 2010 $	Economic Entity 2009 $	Parent Entity 2010 $	Parent Entity 2009 $
Cash flows from operating activities					
Receipts from customers		39,682,570	39,668,714	39,566,916	39,598,402
Payments to suppliers and employees		(42,292,537)	(38,438,937)	(42,154,330)	(38,532,170)
Interest received		1,344,214	2,016,781	1,344,096	2,016,749
Interest paid		(501,646)	(1,277)	(5,467)	(1,277)
Net cash (used in)/generated by operating activities	18(b)	(1,767,399)	3,245,281	(1,248,785)	3,081,704
Cash flows from investing activities					
Redemption of term deposit		2,327,447	5,323,591	2,327,447	5,323,591
Proceeds on sale of property, plant and equipment		3,053,051	12,000	3,053,051	12,000
Payments for property, plant and equipment		(8,401,862)	(16,982,116)	(8,436,361)	(3,399,185)
Net cash (used in)/generated by investing activities		(3,021,364)	(11,646,525)	(3,055,863)	1,936,406
Cash flows from financing activities					
Proceeds of accommodation bond held in trust		14,399,835	841,832	14,399,835	841,832
Proceeds from borrowings		-	13,377,840	-	-
Repayment of borrowings		(15,334,136)	-	(15,334,136)	-
Repayment of lease liabilities		(16,850)	-	(16,850)	-
Amounts (advanced to) / received from related parties		-	-	(546,788)	13
Net cash (used in)/generated by financing activities		(951,151)	14,219,672	(1,497,939)	841,845
Net (decrease)/increase in cash and cash equivalents		(5,739,914)	5,818,428	(5,802,587)	5,859,955
Cash and cash equivalents at the beginning of the year		8,912,947	3,094,519	8,751,557	2,891,602
Cash and cash equivalents at the end of the year	18(a)	3,173,033	8,912,947	2,948,970	8,751,557

Notes to the financial statements are included on pages 11 to 32.

1. General information

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

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

619 St Kilda Road
MELBOURNE, VIC 3004
AUSTRALIA

2. Adoption of new and revised Accounting Standards

2.1 Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out in section 2.2.

Standards affecting presentation and disclosure

AASB 101 *Presentation of Financial Statements* (as revised in September 2007), AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101* and AASB 2007-10 *Further Amendments to Australian Accounting Standards arising from AASB 101*	AASB 101(September 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.
AASB 8 *Operating Segments*	AASB 8 is a disclosure Standard that has resulted in a redesignation of the Association's reportable segments.
AASB 2009-2 *Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments*	The amendments to AASB 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Association has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.
Amendments to AASB 107 *Statement of Cash Flows* (adopted in advance of effective date of 1 January 2010)	The amendments (part of AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*) specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.

2.2 Standards and Interpretations adopted with no effect on financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

AASB 2008-7 *Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*	The amendments deal with the measurement of the cost of investments in subsidiaries, jointly controlled entities and associates when adopting A-IFRS for the first time and with the recognition of dividend income from subsidiaries in a parent's separate financial statements.
AASB 123 *Borrowing Costs* (as revised in 2007) and AASB 2007-6 *Amendments to Australian Accounting Standards arising from AASB 123*	The principal change to AASB 123 was to eliminate the option to expense all borrowing costs when incurred. This change has had no impact on these financial statements because it has always been the Association's accounting policy to capitalise borrowing costs incurred on qualifying assets.

2. Adoption of new and revised Accounting Standards (cont'd)

2.2 Standards and Interpretations adopted with no effect on financial statements (cont'd)

AASB 2008-8 *Amendments to Australian Accounting Standards- Eligible Hedged Items*	The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options.
Interpretation 15 *Agreements for the Construction of Real Estate*	The Interpretation addresses how entities should determine whether an agreement for the construction of real estate is within the scope of AASB 111 *Construction Contracts* or AASB 118 *Revenue* and when revenue from the construction of real estate should be recognised. The requirements have not affected the accounting for the Association 's construction activities.
AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* and AASB 2008-6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*	In addition to the changes affecting amounts reported in the financial statements described at 2.1 above, the amendments have led to a number of changes in the detail of the Association 's accounting policies - some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported.
AASB 2009-4 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* and AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*	In addition to the amendments to AASB 107 described earlier in this section, the amendments have led to a number of changes in the detail of the Association 's accounting policies - some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported. Except as noted in 2.3 below, the changes in AASB 2009-5 have been adopted in advance of their effective dates of 1 January 2010.

2.3 Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*	1 January 2010	30 June 2011
• AASB 124 *Related Party Disclosures (revised December 2009)*, AASB 2009-12 *Amendments to Australian Accounting Standards*	1 January 2011	30 June 2012
• AASB 9 *Financial Instruments*, AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9*	1 January 2013	30 June 2014
• AASB 2009-14 *Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement*	1 January 2010	30 June 2012

3. Significant accounting policies

Statement of compliance
These financial statements are general purpose financial statements which have been prepared in accordance with the Associations Incorporation Act of Victoria 1981, all Australian Accounting Standards and Interpretations, and comply with other requirements of the law.

These financial statements cover Jewish Care (Victoria) Incorporated as an individual entity and Jewish Care (Victoria) Incorporated and controlled entities as an economic entity. The financial statements comply with all Australian equivalents to International Financial Reporting Standards ('A-IFRS') in their entirety as applicable to not for profit entities.

The financial statements were authorised for issue by the Committee on 29 September 2010.

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 economic entity's accounting policies, which are described below, management are required to make judgments, estimates and assumptions about carrying amounts 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.

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

(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 17.

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 net realisable value. 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. 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.

3. Significant accounting policies (cont'd)

(c) Land and buildings (cont'd)

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 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.

<u>Depreciation</u>

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 reporting 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.

(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 reporting 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. 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 economic entity 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.

3. Significant accounting policies (cont'd)

(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 statement of financial position.

(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 Association 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.

Financial assets at fair value through profit and loss

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 economic entity 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.

Loans and receivables

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.

Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates where that the economic entity 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.

Available-for-sale financial assets

Certain shares and redeemable notes held by the economic entity 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 economic entity'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 amortised cost basis.

3. Significant accounting policies (cont'd)

(i) Financial assets (cont'd)

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 reporting 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 to the net carrying amount of the liability. 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.

(l) Impairment of assets

At each reporting date, the economic entity 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 economic entity estimates the recoverable amount of the cash generating unit to which the asset belongs.

3. Significant accounting policies (cont'd)

(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.

(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 a 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 statement of financial position 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.

(s) Working capital
The financial statements have been prepared on the going concern basis. While the statement of financial position discloses a net working capital deficiency of $11,941,114 (2009: 7,036,723) for the economic entity, and $12,607,666 for the parent entity, accommodation bonds of $32,306,451 (2009: $17,906,616) are included as a current liability. The accommodation bonds will be fully utilised in the following and future years and form the basis of long term funding. The Committee therefore believes that the going concern basis of preparation is appropriate.

	Economic Entity 2010 $	Economic Entity 2009 $	Parent Entity 2010 $	Parent Entity 2009 $
4. Revenue				
Other revenue:				
Donations	855,957	707,584	855,957	707,583
Bequests	3,448,406	4,193,866	3,448,406	4,193,866
Appeals	2,366,887	2,142,019	2,366,887	2,142,019
Interest revenue	1,344,214	2,016,781	1,344,096	2,016,749
Capital appeal	1,239,667	2,686,644	1,239,667	2,686,644
Other revenue	247,553	175,597	233,490	159,610
	9,502,684	11,922,491	9,488,503	11,906,471

5. (Deficit)/surplus for the year before tax

(Deficit)/surplus for the year has been arrived at after charging the following items of expense:

	Economic Entity 2010 $	Economic Entity 2009 $	Parent Entity 2010 $	Parent Entity 2009 $
Computer rental costs	(147,559)	(126,629)	(147,559)	(126,629)
Depreciation of non-current assets				
Computer equipment	(19,941)	(22,999)	(19,941)	(22,999)
Buildings	(1,154,130)	(516,174)	(481,202)	(516,174)
Motor vehicles	(30,607)	(30,428)	(30,607)	(30,428)
Motor vehicles under finance lease	(19,701)	(5,767)	(19,701)	(5,767)
Furniture, fixtures, fittings	(545,217)	(333,153)	(545,217)	(333,153)
Total depreciation and amortisation	(1,769,596)	(908,521)	(1,096,668)	(908,521)
Community development expenses				
- fundraising	(1,212,989)	(1,048,631)	(1,212,989)	(1,048,631)
- organisational development and marketing	(301,190)	(419,143)	(301,190)	(419,143)
	(1,514,179)	(1,467,774)	(1,514,179)	(1,467,774)
Employee benefits expenses				
- salary, wages and related costs	(24,112,655)	(23,300,794)	(24,112,655)	(23,300,794)
- superannuation	(1,775,480)	(1,654,628)	(1,775,480)	(1,654,628)
- workcover expenses	(666,809)	(480,101)	(666,809)	(480,101)
	(26,554,944)	(25,435,523)	(26,554,944)	(25,435,523)
Impairment of loan - Jewish Care Property SPV Pty Ltd (i)	-	-	(3,485,269)	-

(i) This charge represents the impairment of the intercompany balance between the parent entity and Jewish Care Property SPV Pty Ltd. The charge is eliminated upon consolidation against a loan forgiveness as recorded in the books and records of Jewish Care Property SPV Pty Ltd.

	Economic Entity		Parent Entity	
	2010 $	2009 $	2010 $	2009 $

5. (Deficit)/surplus for the year before tax (cont'd)

Other expenses				
- emergency services	(346,183)	(266,478)	(346,183)	(266,478)
- security services	(257,461)	(215,146)	(257,461)	(215,146)
- travel and motor vehicle expenses	(131,994)	(155,350)	(131,994)	(155,350)
- rates and insurance	(315,406)	(260,347)	(315,406)	(260,347)
- rental expenses	(200,572)	(190,238)	(200,572)	(190,238)
- other expenses	(161,747)	(162,360)	(93,575)	(146,263)
	(1,413,363)	(1,249,919)	(1,345,191)	(1,233,822)

6. 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.

7. Trade and other receivables

Current				
Accommodation debtors	400,413	349,069	400,413	349,069
Less allowance for doubtful debts	(85,894)	(70,323)	(85,894)	(70,323)
	314,519	278,746	314,519	278,746
Secured loan debtors	537,573	476,824	537,573	476,824
Less allowance for doubtful debts	(397)	(397)	(397)	(397)
	537,176	476,427	537,176	476,427
Goods and services tax recoverable	167,807	262,985	167,807	161,396
Other debtors	1,676,035	572,438	1,676,002	572,403
	2,695,537	1,590,596	2,695,504	1,488,972
Non-current				
Amounts receivable from:				
- controlled entities	-	-	344,876	9,300,987

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

Included in the economic entity's trade receivable balance are debtors with a carrying amount of $154,451 (2009: $81,931) which are past due at the reporting date for which the economic entity has not provided as the economic entity believes that the amounts are still considered recoverable. The economic entity does not hold any collateral over these balances.

Ageing of past due but not impaired				
60 -90 days	36,680	53,954	36,680	53,954
90 – 120 days	117,771	27,977	117,771	27,977
	154,451	81,931	154,451	81,931

	Economic Entity		Parent Entity	
	2010 $	2009 $	2010 $	2009 $
7. Trade and other receivables (cont'd)				
Movement in the allowance for doubtful debts				
Balance at the beginning of the year	70,720	80,441	70,720	80,441
Impairment losses recognised on receivables	15,571	16,375	15,571	16,375
Amounts written off as uncollectible	-	(26,096)	-	(26,096)
Balance at the end of the year	86,291	70,720	86,291	70,720

In determining the recoverability of a trade receivable, the economic entity 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 Committee believes that there is no further credit provision required in excess of the allowance for doubtful debts.

	Economic Entity 2010 $	Economic Entity 2009 $	Parent Entity 2010 $	Parent Entity 2009 $
Ageing of impaired trade receivables				
60 – 90 days	47,308	58,835	47,308	58,835
90 – 120+ days	190,407	91,614	190,407	91,614
	237,715	150,449	237,715	150,449
8. Other financial assets				
Share investments	166,397	165,161	166,397	165,161
Term deposits	282,441	5,898,910	282,441	5,898,910
Term deposits (Accommodation bonds)	21,195,638	17,906,616	21,195,638	17,906,616
Encumbered bequests held in trust	124,810	131,110	124,810	131,110
	21,769,286	24,101,797	21,769,286	24,101,797
9. Property, plant and equipment				
Land and buildings	77,598,265	67,769,818	77,598,265	45,696,625
Accumulated depreciation	(1,296,134)	(251,886)	(1,296,134)	(251,886)
	76,302,131	67,517,932	76,302,131	45,444,739
Building under construction	-	1,897,768	-	1,897,768
Motor vehicles	377,135	377,135	377,135	377,135
Accumulated depreciation	(326,163)	(295,556)	(326,163)	(295,556)
	50,972	81,579	50,972	81,579
Furniture and fittings	7,595,226	6,917,601	7,595,226	6,917,601
Accumulated depreciation	(4,968,487)	(4,443,897)	(4,968,487)	(4,443,897)
	2,626,739	2,473,704	2,626,739	2,473,704
Computer equipment	840,472	834,183	840,472	834,183
Accumulated depreciation	(818,411)	(799,948)	(818,411)	(799,948)
	22,061	34,235	22,061	34,235
Motor vehicles under finance lease	98,503	98,503	98,503	98,503
Accumulated depreciation	(25,468)	(5,767)	(25,468)	(5,767)
	73,035	92,736	73,035	92,736
Total property, plant and equipment	79,074,938	72,097,954	79,074,938	50,024,761

9. Property, plant and equipment (cont'd)

Economic Entity	Land and buildings at fair value $	Buildings under construction $	Motor vehicles $	Furniture and fittings at cost $	Computer equipment $	Motor vehicles under finance $	Total $
Gross carrying amount							
Balance at 1 July 2008	51,045,442	5,040,481	106,632	1,273,142	32,195	-	57,497,892
Transfers	4,752,355	(4,752,355)	-	-	-	-	-
Additions	13,671,831	1,609,642	5,375	1,533,715	25,039	98,503	16,944,105
Net revaluation decrement	(1,435,522)	-	-	-	-	-	(1,435,522)
Depreciation expense	(516,174)	-	(30,428)	(333,153)	(22,999)	(5,767)	(908,521)
Balance at 30 June 2009	67,517,932	1,897,768	81,579	2,473,704	34,235	92,736	72,097,954
Transfers	1,897,768	(1,897,768)	-	-	-	-	-
Additions	7,675,680	-	-	717,580	8,602	-	8,401,862
Net revaluation increment	2,457,748	-	-	-	-	-	2,457,748
Net disposals	(2,092,867)	-	-	(19,328)	(835)	-	(2,113,030)
Depreciation expense	(1,154,130)	-	(30,607)	(545,217)	(19,941)	(19,701)	(1,769,596)
Balance at 30 June 2010	76,302,131	-	50,972	2,626,739	22,061	73,035	79,074,938

Parent Entity	Land and buildings at fair value $	Buildings under construction $	Motor vehicles $	Furniture and fittings at cost $	Computer equipment $	Motor vehicles under finance $	Total $
Gross carrying amount							
Balance at 1 July 2008	45,795,442	288,126	106,632	1,273,142	32,195	-	47,495,537
Additions	88,900	1,609,642	5,375	1,533,715	25,039	98,503	3,361,174
Net revaluation increment	76,571	-	-	-	-	-	76,571
Depreciation expense	(516,174)	-	(30,428)	(333,153)	(22,999)	(5,767)	(908,521)
Balance at 30 June 2009	45,444,739	1,897,768	81,579	2,473,704	34,235	92,736	50,024,761
Transfers	1,897,768	(1,897,768)	-	-	-	-	-
Transfers from Jewish Care Property SPV Ltd	21,365,766	-	-	-	-	-	21,365,766
Additions	7,710,179	-	-	717,580	8,602	-	8,436,361
Net revaluation increment	2,457,748	-	-	-	-	-	2,457,748
Net disposals	(2,092,867)	-	-	(19,328)	(835)	-	(2,113,030)
Depreciation expense	(481,202)	-	(30,607)	(545,217)	(19,941)	(19,701)	(1,096,668)
Balance at 30 June 2010	76,302,131	-	50,972	2,626,739	22,061	73,035	79,074,938

	Economic Entity		Parent Entity	
	2010 $	2009 $	2010 $	2009 $

9. Property, plant and equipment (cont'd)

Committees' valuation

The Committee has reviewed the carrying values of land and buildings as at 30 June 2010. In doing so, the Committee has considered the following:

Land and buildings were valued in two tranches, one as at 30 June 2009 and the second at 30 June 2010 by an independent valuer, Charter Keck Cramer.

Valuations were made on the basis of open market value by reference to sales by similar qualifying assets in similar locations. Revaluation surpluses are credited to the asset revaluation reserve in shareholder's equity and revaluation decrements are debited to the asset revaluation reserve to the extent that they reverse previous increments.

10. Other assets

	Economic Entity 2010 $	Economic Entity 2009 $	Parent Entity 2010 $	Parent Entity 2009 $
Prepayments and deposits	36,049	63,054	36,049	63,054

11. Trade and other payables

	Economic Entity 2010 $	Economic Entity 2009 $	Parent Entity 2010 $	Parent Entity 2009 $
Trade payables	1,814,409	2,331,872	1,814,409	2,331,872
Sundry payables and accruals	986,571	1,373,016	986,071	1,302,482
Resident funds	136,815	179,329	136,815	179,329
	2,937,795	3,884,217	2,937,295	3,813,683

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.

12. Provisions

Current

	Economic Entity 2010 $	Economic Entity 2009 $	Parent Entity 2010 $	Parent Entity 2009 $
Employee benefits	4,354,356	4,563,298	4,354,356	4,563,297

Non-current

	Economic Entity 2010 $	Economic Entity 2009 $	Parent Entity 2010 $	Parent Entity 2009 $
Employee benefits	543,360	636,701	543,360	636,701

		Economic Entity		Parent Entity	
		2010 $	2009 $	2010 $	2009 $
13. Borrowings					
Secured - at amortised cost					
Current					
Bank loan		-	15,334,136	-	-
Finance lease liability (refer note 21)		16,417	16,850	16,417	16,850
		16,417	15,350,986	16,417	16,850
Non-current					
Finance lease liability (refer note 21)		59,981	76,398	59,981	76,398
14. Other liabilities					
Amounts payable to controlled entities		-	-	442,956	428,956
Deposits held in trust (accommodation bonds)		32,306,451	17,906,616	32,306,451	17,906,616
		32,306,451	17,906,616	32,749,407	18,335,572
15. Reserves					
General reserve	(a)	1,369,550	1,369,550	1,369,550	1,369,550
Asset revaluation	(b)	23,875,597	21,416,613	26,137,691	23,678,707
Other reserve	(c)	3,074,792	3,081,092	3,025,966	3,032,266
		28,319,939	25,867,255	30,533,207	28,080,523
(a) General reserve					
Balance at the beginning and the end of the 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.

	Economic Entity 2010 $	Economic Entity 2009 $	Parent Entity 2010 $	Parent Entity 2009 $
(b) Asset revaluation reserve				
Balance at the beginning of the year	21,416,613	22,989,694	23,678,707	23,739,694
Gain/(loss) on revaluation of investment	1,236	(26,221)	1,236	(26,221)
Gain/(loss) on revaluation of property	2,457,748	(1,546,860)	2,457,748	(34,766)
Balance at the end of the year	23,875,597	21,416,613	26,137,691	23,678,707

The asset revaluation reserve arises on the revaluation of share investments and land and buildings. Where revalued shares, land or buildings are sold, that portion of the asset revaluation reserve which relates to that asset, and is effectively realised, is transferred directly to accumulated surplus.

	Economic Entity 2010 $	Economic Entity 2009 $	Parent Entity 2010 $	Parent Entity 2009 $
(c) Other reserve				
Balance at beginning of financial year	3,081,092	3,074,794	3,032,266	3,025,968
(Distributed)/undistributed reserves	(6,300)	6,298	(6,300)	6,298
Balance at beginning and end of financial year	3,074,792	3,081,092	3,025,966	3,032,266

16. Commitments for expenditure

(a) Capital expenditure commitments

	Economic Entity 2010 $	Economic Entity 2009 $	Parent Entity 2010 $	Parent Entity 2009 $
<u>Disability residential project: 311-313 Glen Eira Road, Caulfield</u>				
Not longer than 1 year	-	2,402,232	-	2,402,232
	-	2,402,232	-	2,402,232

(b) Other expenditure commitments

	Economic Entity 2010 $	Economic Entity 2009 $	Parent Entity 2010 $	Parent Entity 2009 $
<u>Rental Commitments</u>				
Not longer than 1 year	200,500	191,600	200,500	191,600
Longer than 1 year and not longer than 5 years	750,000	14,400	750,000	14,400
	950,500	206,000	950,500	206,000

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 fulfil 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 2010.

17. Controlled entities

Name of entity	Country of incorporation	Ownership interest 2010 %	Ownership interest 2009 %
<u>Parent entity</u>			
Jewish Care (Victoria) Incorporated	Australia		
<u>Subsidiaries</u>			
Jewish Aid Society Incorporated	Australia	100	100
Jewish Care Property SPV Ltd	Australia	100	100

	Economic Entity		Parent Entity	
	2010	2009	2010	2009
	$	$	$	$

18. Cash and cash equivalents

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, 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 statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Economic Entity 2010 $	Economic Entity 2009 $	Parent Entity 2010 $	Parent Entity 2009 $
Cash on hand	8,217	9,658	7,210	8,710
Cash at bank	3,164,816	8,903,289	2,941,760	8,742,847
	3,173,033	8,912,947	2,948,970	8,751,557

(b) Reconciliation of (deficit)/surplus for the year to net cash flows from operating activities

	Economic Entity 2010 $	Economic Entity 2009 $	Parent Entity 2010 $	Parent Entity 2009 $
(Deficit)/surplus for the year	(270,333)	1,997,648	(2,532,504)	1,997,725
Depreciation and amortisation	1,769,596	908,521	1,096,668	908,521
Gain on sale or disposal of non-current assets	(940,021)	(12,000)	(940,021)	(12,000)
Impairment of internal loan	-	-	3,485,269	-
Movement in working capital				
(Increase)/decrease in assets:				
Trade and other receivables	(1,104,941)	446,051	(1,206,532)	391,727
Other assets	27,005	25,374	27,005	(13,922)
Increase/(decrease) in liabilities:				
Trade and other payables	(946,423)	(280,411)	(876,388)	(350,445)
Provisions	(302,282)	160,098	(302,282)	160,098
Net cash (used in)/generated by operating activities	(1,767,399)	3,245,281	(1,248,785)	3,081,704

(c) Non-cash investing activities

During the financial year, the parent entity was transferred property, plant and equipment with an aggregate value of $21,365,766 from Jewish Care Property SPV Ltd. This addition was not reflected in the statement of cash flows of the parent entity.

19. Financial instruments

(a) Categories of financial instruments

	Economic Entity 2010 $	Economic Entity 2009 $	Parent Entity 2010 $	Parent Entity 2009 $
Financial assets				
Cash and cash equivalents	3,173,033	8,912,947	2,948,970	8,751,557
Loans and receivables	2,695,537	1,590,596	2,695,504	1,488,972
Held to maturity investments	21,602,889	23,936,636	21,602,889	23,936,636
Available for sale financial assets	166,397	165,161	166,397	165,161
Financial liabilities				
Amortised cost – other financial liabilities	35,244,246	21,790,833	35,686,702	22,149,255
Amortised cost - bank loan	-	15,334,136	-	-
Finance lease liability	76,398	93,248	76,398	93,248

19. Financial instruments (cont'd)

(b) Financial Risk Management Objective

The Association and the economic entity's management monitors and manages the financial risks relating to the operations of the economic entity 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 economic entity seeks to minimise the effect of these risks by using derivative financial instruments to hedge these risks exposure.

(c) Market Risk

The economic entity's activities expose it to the financial risks of changes in foreign currency exchange rates (Claims Conference funding) and interest rates. The economic entity 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 2010.

(d) Foreign Currency Risk Management

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

(e) Interest Rate Risk Management

The economic entity 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 strategies.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 100 basis point increase or a 50 basis point decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

At reporting date, if interest rates had been 100 basis points higher or 50 basis points lower and all other variables were held constant, the economic entity's net profit would increase by $14,666 and decrease by $7,333 (2009: increase by $63,302and decrease by $31,651).

The economic entity's sensitivity to interest rates has decreased during the current period mainly due to a decrease of $15,334,136 in borrowings (refer to 13) and an decrease in cash held of $(5,739,914) (refer to note 18).

Economic entity	**Carrying amount on average 2010 $**	**Effect on income before taxes (increase 1.0%) $**	**Effect on income before taxes (decrease 0.50%) $**
Floating rates financial assets			
Cash on hand and at bank	6,042,990	60,430	(30,215)
Term deposits	3,090,676	30,907	(15,453)
	9,133,666	91,337	(45,668)
Floating rates financial liabilities			
Bank loan	7,667,068	(76,671)	38,335
Increase/(decrease) in net profit		14,666	(7,333)

19. Financial instruments (cont'd)

(e) Interest Rate Risk Management (cont'd)

Economic entity	Carrying amount on average 2009 $	Effect on income before taxes (increase 1.0%) $	Effect on income before taxes (decrease 0.50%) $
Floating rates financial assets			
Cash on hand and at bank	6,003,733	60,037	(30,019)
Term deposits	8,971,662	89,717	(44,858)
	14,975,395	149,754	(74,877)
Floating rates financial liabilities			
Bank loan	8,645,216	(86,452)	43,226
Increase/(decrease) in net profit		63,302	(31,651)

(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 economic entity. The maximum exposure to credit risk, excluding the value of any collateral or other security, at the reporting date to recognised financial assets is the carrying amount of those assets, net of any allowance for doubtful debts, as disclosed in the statement of financial position and notes to the financial report. The economic entity does not have any material risk exposure to any single debtor or group of debtors under financial instruments entered into by the economic entity.

(g) Liquidity Risk Management

The economic entity 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.

Liquidity and interest risk tables

The following tables detail the association's and the economic entity'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 economic entity 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
2010						
Non-interest bearing		136,815	2,800,980	-	-	-
Variable interest financial instrument	7.7%	1,453	1,014,964	31,366,431	-	-
		138,268	3,815,944	31,366,431	-	-
2009						
Non-interest bearing		179,329	3,704,888	-	-	-
Variable interest financial instrument	6.5%	1,860	105,579	33,124,136	-	-
		181,189	3,810,467	33,124,136	-	-

19. Financial instruments (cont'd)
(g) Liquidity Risk Management (cont'd)

Parent Entity	**Weighted average effective interest rate %**	**Less than 1 month**	**1-3 months**	**3 months to 1 year**	**1-5 years**	**5+ years**
2010						
Non-interest bearing		136,815	2,800,480	-	-	-
Variable interest financial instrument	7.7%	1,453	1,014,964	31,366,431	-	-
		138,268	3,815,444	31,366,431	-	-
2009						
Non-interest bearing		179,329	3,634,354	-	-	-
Variable interest financial instrument	6.5%	1,860	220,457	17,789,988	-	-
		181,189	3,854,811	17,789,988	-	-

The following table details the Association's and the economic entity'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/economic entity 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**
2010						
Non-interest bearing		982,192	221,516	1,666,444	-	-
Variable interest rate instruments	3.7%	3,412,256	21,355,448	-	-	-
		4,394,448	21,576,964	1,666,444	-	-
2009						
Non-interest bearing		685,126	165,171	438,690	476,427	-
Variable interest rate instruments	3.7%	9,174,578	23,665,366	-	-	-
		9,859,704	23,830,537	438,690	476,427	-

Parent Entity	**Weighted average effective interest rate %**	**Less than 1 month**	**1-3 months**	**3 months to 1 year**	**1-5 years**	**5+ years**
2010						
Non-interest bearing		981,185	221,482	2,011,320	-	-
Variable interest rate instruments	3.7%	3,189,200	21,355,448	-	-	-
		4,170,385	21,576,930	2,011,320	-	-
2009						
Non-interest bearing		582,589	165,137	438,690	9,777,414	-
Variable interest rate instruments	3.7%	9,014,136	23,665,366	-	-	-
		9,596,725	23,830,503	438,690	9,777,414	-

The Association does not hold any derivative financial instruments

20. Related party transactions

(a) Transactions with key management personnel

	Salary $	Superannuation $	Total $
2010			
Key management personnel compensation	699,184	62,927	762,111
2009			
Key management personnel compensation	587,662	52,890	640,552

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.

Mr Andrew Blode
Mr David Brous
Mr Jeffrey Appel
Ms Laura Davis
Mr Mike Debinski
Mr Farrel Meltzer
Prof Frank Oberklaid OAM
Ms Marcia Pinskier
Assoc Prof Leslie Reti
Mr Michael Schoenfeld
Mr Andrew Schwartz
Mrs Robyne Schwarz
Dr Joel Freeman
Mr Daniel Jenshel
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 provided administration services to Jewish Aid Society Inc for the financial year with administration charge of $14,059.
- The land and buildings and the loan liability were transferred from Jewish Care Property SPV Ltd to Jewish Care (Vic) Inc on 30 June 2010.
- Jewish Care (Vic) Inc forgave debt repayable by Jewish Care Property SPV Ltd to the value of $3,485,269.

	Economic Entity		Parent Entity	
	2010	2009	2010	2009
	$	$	$	$

20. Related parties transactions (cont'd)

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

	Economic Entity 2010 $	Economic Entity 2009 $	Parent Entity 2010 $	Parent Entity 2009 $
(i) Amounts receivable from controlled entities:				
Jewish Aid Society Incorporated	-	-	121,821	107,762
Jewish Care Property SPV Ltd	-	-	223,055	9,193,225
(ii) Amounts payable to controlled entities:				
Jewish Aid Society Incorporated	-	-	442,956	428,956

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 economic entity.

21. Finance leases

Leasing arrangements

Finance leases relate to two motor vehicles with lease terms of 3 years. The Economic Entity has options to purchase the equipment for a nominal amount at the conclusion of the lease agreements.

	Minimum future lease payments				PV of Minimum future lease payments			
	Economic Entity		Parent Entity		Economic Entity		Parent Entity	
	2010	2009	2010	2009	2010	2009	2010	2009
	$	$	$	$	$	$	$	$
No later than 1 year	22,317	22,317	22,317	22,317	16,417	16,850	16,417	16,850
Later than 1 year and not later than 5 years	61,056	83,372	61,056	83,372	59,981	76,398	59,981	76,398
Minimum future lease payments	83,373	105,689	83,373	105,689	76,398	93,248	76,398	93,248
Less future finance charges	(6,975)	(12,441)	(6,975)	(12,441)	-	-	-	-
Present value of minimum lease payments	76,398	93,248	76,398	93,248	76,398	93,248	76,398	93,248
Included in the financial statements as: (note 13)								
Current borrowings					16,417	16,850	16,417	16,850
Non-current borrowings					59,981	76,398	59,981	76,398
					76,398	93,248	76,398	93,248

	Economic Entity		Parent Entity	
	2010	2009	2010	2009
	$	$	$	$
22. Auditor of the parent entity				
Audit or review of the financial report	64,100	64,250	64,100	64,250
Audit or review of other financial reports and grants	22,750	22,750	22,750	22,750
Other services	5,900	5,750	5,900	5,750
	92,750	92,750	92,750	92,750

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

23: Segment Reporting

Economic Entity	**Residential Services**		**Other Services**		**Total**	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
	$	**$**	**$**	**$**	**$**	**$**
Revenue from ordinary activities						
Fees and charges	7,611,695	6,286,588	1,683,098	1,098,342	9,294,793	7,384,930
Subsidies- Government subsidies	13,689,798	13,148,120	7,868,270	6,737,218	21,558,068	19,885,338
Subsidies - External	-	-	1,776,180	2,046,685	1,776,180	2,046,685
Profit on sale of property, plant and equipment	940,021	-	-	12,000	940,021	12,000
Other revenues from ordinary activities (4)	899,375	1,098,742	8,603,309	10,823,749	9,502,684	11,922,491
	23,140,889	20,533,450	19,930,857	20,717,994	43,071,746	41,251,444
Expense from ordinary activities						
Employee benefits expenses	(16,062,534)	(15,201,792)	(10,492,410)	(10,233,731)	(26,554,944)	(25,435,523)
Depreciation and amortisation expenses	(1,469,288)	(625,157)	(300,308)	(283,364)	(1,769,596)	(908,521)
Food expenses	(4,399,570)	(3,867,460)	(219,466)	(197,373)	(4,619,036)	(4,064,833)
Repairs and maintenance	(1,078,935)	(1,119,628)	(185,532)	(378,503)	(1,264,467)	(1,498,131)
Medical and other supplies	(689,937)	(677,307)	(35,882)	(35,078)	(725,819)	(712,385)
Consulting expenses	(27,133)	(29,377)	(739,133)	(834,184)	(766,266)	(863,561)
Energy, rates and insurance	(691,352)	(579,554)	(105,592)	(105,886)	(796,944)	(685,440)
Office administration expenses	(384,382)	(312,021)	(932,879)	(857,810)	(1,317,261)	(1,169,831)
Laundry expenses	(517,748)	(418,492)	(1,144)	(1,201)	(518,892)	(419,693)
Security expenses	(252,749)	(215,146)	(4,712)	-	(257,461)	(215,146)
Rental expenses	-	-	(200,572)	(190,238)	(200,572)	(190,238)
Emergency services	-	-	(346,183)	(266,478)	(346,183)	(266,478)
Client and resident costs	(68,130)	(67,991)	(1,827,277)	(957,264)	(1,895,407)	(1,025,255)
Travel and motor vehicle expenses	(9,170)	(7,311)	(122,824)	(148,039)	(131,994)	(155,350)
Sundry expenses	(70,390)	(9,825)	(91,022)	(164,535)	(161,412)	(174,360)
Fundraising expenditure	-	-	(1,212,989)	(1,048,631)	(1,212,989)	(1,048,631)
Marketing and public relations expenses	-	-	(301,190)	(419,143)	(301,190)	(419,143)
Finance costs	(496,179)	-	(5,467)	(1,277)	(501,646)	(1,277)
Head office expenses	(2,946,540)	(2,492,203)	2,946,540	2,492,203	-	-
	(29,164,037)	(25,623,264)	(14,178,042)	(13,630,532)	(43,342,079)	(39,253,796)
(Deficit)/surplus after income tax expense	(6,023,148)	(5,089,814)	5,752,815	7,087,462	(270,333)	1,997,648

23. Segment reporting (cont'd)	Residential Services		Other Services		Total	
	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $
Current assets						
Cash and cash equivalents	1,296,072	3,246,452	1,876,961	5,666,495	3,173,033	8,912,947
Trade and other receivables	788,876	484,113	1,906,661	1,106,483	2,695,537	1,590,596
Financial assets	17,187,888	19,035,037	4,581,398	5,066,760	21,769,286	24,101,797
Other assets	14,419	25,222	21,630	37,832	36,049	63,054
Total current assets	19,287,255	22,790,824	8,386,650	11,877,570	27,673,905	34,668,394
Non-current assets						
Property, plant and equipment	53,598,075	49,214,805	25,476,863	22,883,149	79,074,938	72,097,954
Total non-current assets	53,598,075	49,214,805	25,476,863	22,883,149	79,074,938	72,097,954
Total assets	72,885,330	72,005,629	33,863,513	34,760,719	106,748,843	106,766,348
Current liabilities						
Trade and other payables	1,853,310	2,433,816	1,084,485	1,450,401	2,937,795	3,884,217
Provisions	3,065,554	3,212,347	1,288,802	1,350,951	4,354,356	4,563,298
Borrowings	-	15,334,136	16,417	16,850	16,417	15,350,986
Other liabilities	32,306,451	17,906,616	-	-	32,306,451	17,906,616
Total current liabilities	37,225,315	38,886,915	2,389,704	2,818,202	39,615,019	41,705,117
Non-current liabilities						
Provisions	382,602	448,217	160,758	188,484	543,360	636,701
Borrowings	-	-	59,981	76,398	59,981	76,398
Total non-current liabilities	382,602	448,217	220,739	264,882	603,341	713,099
Total liabilities	37,607,917	39,335,132	2,610,443	3,083,084	40,218,360	42,418,216
Net assets	35,277,413	32,670,497	31,253,070	31,677,635	66,530,483	64,348,132
Equity						
Reserves	12,535,462	10,175,239	15,784,477	15,692,016	28,319,939	25,867,255
Accumulated funds	22,741,951	22,495,258	15,468,593	15,985,619	38,210,544	38,480,877
Total equity	35,277,413	32,670,497	31,253,070	31,677,635	66,530,483	64,348,132