FINANCIAL REPORT 2010/2011

Jewish Care
My Community. My Choice.

TOWARDS TOMORROW TOGETHER

Jewish Care (Victoria) Incorporated and Controlled Entities

REG: A00 407 05X

Annual report for the financial year ended 30 June 2011

General purpose financial report
for the financial year ended 30 June 2011

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 2011. Enormous effort over the last financial year has been focused in renewing all that we do at Jewish Care. This improved management rigor has resulted in a $4.2M Earnings Before Interest, Depreciation and Amortisation improvement on the previous year. 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
- Leah Balter (elected in November 2010)
- Mr Andrew Blode
- Mr Mike Debinski
- Dr Joel Freeman (term expired November 2010)
- Mrs Sally Genser (co-opted from February 2011)
- Mr Daniel Jenshel
- Mr Farrel Meltzer (resigned in September 2010)
- Mr Simon Morris (elected in November 2010)
- Mr Greg Nankin (elected in November 2010)
- Ms Marcia Pinskier
- Assoc Prof Leslie Reti
- Mr Michael Schoenfeld
- Mr Bruce Rosengarten
- Mrs Robyne Schwarz (term expired November 2010)

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 $987,460 (2010 deficit: $270,333) is made up as follows:

	2011		2010	
	$	$	$	$
(Deficit)/surplus from ordinary operating activities		***(987,460)***		***(270,333)***
- Bequests		*(1,226,222)*		*(3,462,468)*
Non Recurrent Items:				
- Capital Appeal	*(64,667)*		*(1,239,667)*	
- Gain on sale of Property, Plant and Equipment	-		*(940,021)*	
		(64,667)		*(2,179,688)*
Depreciation and Amortisation		*2,031,190*		*1,769,596*
Other : Realised & Unrealised loss on Foreign Currency Exchange		*312,521*		-
Earning Before Interest, Depreciation and Amortisation		***65,362***		***(4,142,893)***
- Annual Appeal and donations net of cost		*(2,827,610)*		*(2,009,856)*
Deficit from ordinary activities of the economic entity		***(2,762,248)***		***(6,152,749)***

Net Assets

Movement in Net Assets is made up of:

	2011 $	2010 $
Opening balance	66,530,483	64,348,132
Add: (Deficit)/surplus after tax	(987,460)	(270,333)
Add: (Distributed)/undistributed reserve	-	(6,300)
Add: Revaluation increment/(decrement) in land and buildings	885,000	2,457,748
Add: Revaluation increment/(decrement) in investments	19,426	1,236
Closing balance	66,647,449	66,530,483

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, 10 Committee meetings were held.

	Committee Meetings	
Directors	**Eligible to attend**	**Attended**
Mr Jeffrey Appel	10	9
Leah Balter	9	8
Mr Andrew Blode	10	8
Mr Mike Debinski	10	9
Dr Joel Freeman	4	4
Mrs Sally Genser	5	3
Mr Daniel Jenshel	10	7
Mr Farrel Meltzer	3	1
Mr Simon Morris	9	7
Mr Greg Nankin	6	4
Ms Marcia Pinskier	10	7
Assoc Prof Leslie Reti	10	9
Mr Bruce Rosengarten	10	9
Mr Michael Schoenfeld	10	6
Mrs Robyne Schwarz	4	4

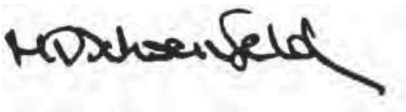
Proceedings on behalf of economic entity

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.

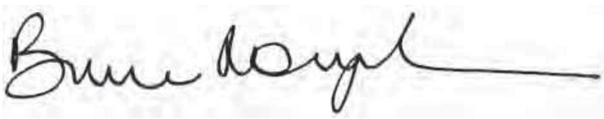
The economic entity was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Committee.

On behalf of the Committee



Committee Member
Melbourne, 27th October 2011



Committee Member
Melbourne, 27th October 2011

Deloitte Touche Tohmatsu
ABN 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

DX: 111
Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

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 2011, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, 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 8 to 33.

The Responsibility of Members of the Committee for the Financial Report

The Members of the Committee 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*, and for such internal control as the Members of the Committee determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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. Those 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 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.

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 2011 and their financial performance for the year then ended in accordance with Australian Accounting Standards and the *Associations Incorporation Act of Victoria 1981*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Robert D D Collie

Partner

Chartered Accountants

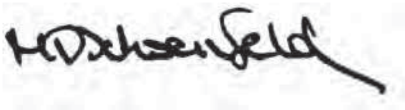
Melbourne, 27th October 2011

Statement by Members of the Committee

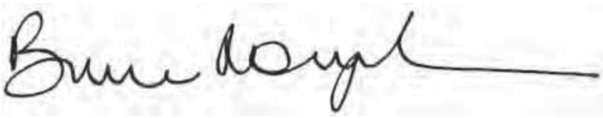
The Committee declares that:

(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, 27th October 2011



Committee Member
Melbourne, 27th October 2011

Statement of comprehensive income for the year ended 30 June 2011

		Economic Entity		Parent Entity	
	Note	2011 $	2010 $	2011 $	2010 $
Fees and charges		10,719,479	9,294,793	10,719,479	9,294,793
Government subsidies		25,710,275	23,334,248	25,710,275	23,334,248
Gain on sale of property plant and equipment		-	940,021	-	940,021
Other revenues	4	7,106,919	9,502,684	7,106,849	9,488,503
Total revenues		43,536,673	43,071,746	43,536,603	43,057,565
Employee benefits expense	5	(26,092,526)	(26,554,944)	(26,092,526)	(26,554,944)
Depreciation and amortisation expenses	5	(2,031,190)	(1,769,596)	(2,031,190)	(1,096,668)
Community development expenses	5	(1,249,698)	(1,514,179)	(1,249,698)	(1,514,179)
External services expenses		(2,239,510)	(1,895,407)	(2,239,510)	(1,895,407)
Food expenses		(5,035,379)	(4,619,036)	(5,035,379)	(4,619,036)
Repairs and maintenance expenses		(2,761,442)	(1,264,467)	(2,761,442)	(1,264,467)
Medical and other supplies		(729,091)	(725,819)	(729,091)	(725,819)
Consulting expenses		(354,486)	(766,266)	(354,486)	(766,266)
Energy expenses		(507,650)	(481,538)	(507,650)	(481,538)
Administration expenses		(1,560,500)	(1,316,926)	(1,560,500)	(1,316,926)
Laundry expenses		(572,706)	(518,892)	(572,706)	(518,892)
Finance costs		-	(501,646)	-	(5,467)
Impairment of loan - Jewish Care Property SPV Pty Ltd	5	-	-	-	(3,485,269)
Other expenses	5	(1,389,955)	(1,413,363)	(1,389,940)	(1,345,191)
Total expenses		(44,524,133)	(43,342,079)	(44,524,118)	(45,590,069)
Deficit before tax	5	(987,460)	(270,333)	(987,515)	(2,532,504)
Income tax expense	6	-	-	-	-
Deficit after tax		(987,460)	(270,333)	(987,515)	(2,532,504)
Other comprehensive income					
Gain on revaluation of investments		19,426	1,236	19,426	1,236
Gain on revaluation of property		885,000	2,457,748	885,000	2,457,748
Other comprehensive income or the year		904,426	2,458,984	904,426	2,458,984
Total comprehensive (loss)/income for the year		(83,034)	2,188,651	(83,089)	(73,520)

Notes to the financial statements are included on pages 12 to 33.

Statement of financial position at 30 June 2011

		Economic Entity		Parent Entity	
	Note	2011 $	2010 $	2011 $	2010 $
Current assets					
Cash and cash equivalents	18(a)	6,331,325	3,173,033	6,330,318	2,948,970
Trade and other receivables	7	2,452,965	2,695,537	2,452,930	2,695,504
Other financial assets	8	27,506,785	21,769,286	27,506,785	21,769,286
Other assets	10	23,430	36,049	23,430	36,049
Total current assets		36,314,505	27,673,905	36,313,463	27,449,809
Non-current assets					
Trade and other receivables	7	-	-	121,767	344,876
Property, plant and equipment	9	78,856,073	79,074,938	78,856,073	79,074,938
Total non-current assets		78,856,073	79,074,938	78,977,840	79,419,814
Total assets		115,170,578	106,748,843	115,291,303	106,869,623
Current liabilities					
Trade and other payables	11	3,448,460	2,937,795	3,447,960	2,937,295
Provisions	12	4,673,691	4,354,356	4,673,691	4,354,356
Borrowings	13	58,440	16,417	58,440	16,417
Other liabilities	14	40,117,658	32,306,451	40,560,614	32,749,407
Total current liabilities		48,298,249	39,615,019	48,740,705	40,057,475
Non-current liabilities					
Provisions	12	424,880	543,360	424,880	543,360
Borrowings	13	-	59,981	-	59,981
Total non-current liabilities		424,880	603,341	424,880	603,341
Total liabilities		48,723,129	40,218,360	49,165,585	40,660,816
Net assets		66,447,449	66,530,483	66,125,718	66,208,807
Equity					
Reserves	15	29,224,365	28,319,939	31,437,633	30,533,207
Accumulated funds		37,223,084	38,210,544	34,688,085	35,675,600
Total equity		66,447,449	66,530,483	66,125,718	66,208,807

Notes to the financial statements are included on pages 12 to 33.

Statement of changes in equity for the year ended 30 June 2011

Economic Entity

	Asset revaluation reserve $	General reserves $	Other reserves $	Accumulated funds $	Total $
Balance at 1 July 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	-	-	6,298	-	6,298
Balance at 30 June 2010	23,875,597	1,369,550	3,074,792	38,210,544	66,530,483
Deficit for the year	-	-	-	(987,460)	(987,460)
Other comprehensive income for the year	904,426	-	-	-	904,426
Total comprehensive loss for the year	904,426	-	-	(987,460)	(83,034)
Balance at 30 June 2011	24,780,023	1,369,550	3,074,792	37,223,084	66,447,449

Parent Entity

	Asset revaluation reserve $	General reserves $	Other reserves $	Accumulated funds $	Total $
Balance at 1 July 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
Deficit for the year	-	-	-	(987,515)	(987,515)
Other comprehensive income for the year	904,426	-	-	-	904,426
Total comprehensive loss for the year	904,426	-	-	(987,515)	(83,089)
Balance at 30 June 2011	27,042,117	1,369,550	3,025,966	34,688,085	66,125,718

Notes to the financial statements are included on pages 12 to 33.

Statement of cash flows
for the year ended 30 June 2011

	Note	Economic Entity		Parent Entity	
		2011 $	2010 $	2011 $	2010 $
Cash flows from operating activities					
Receipts from customers		42,023,805	39,682,570	42,023,735	39,566,916
Payments to suppliers and employees		(41,759,191)	(42,292,537)	(41,759,176)	(42,154,330)
Interest received		1,745,827	1,344,214	1,745,827	1,344,096
Interest paid		-	(501,646)	-	(5,467)
Net cash generated by/(used in) by operating activities	18(b)	2,010,441	(1,767,399)	2,010,386	(1,248,785)
Cash flows from investing activities					
(Payments for)/redemption of term deposit		(5,842,883)	2,327,447	(5,842,883)	2,327,447
Proceeds on sale of property, plant and equipment		-	3,053,051	-	3,053,051
Payments for investment		(19,426)	-	(19,426)	-
Repayment of borrowings from controlled entities		-	-	223,111	-
Payments for property, plant and equipment		(907,899)	(8,401,862)	(907,899)	(8,436,361)
Net cash (used in)/generated by investing activities		(6,770,208)	(3,021,364)	(6,547,097)	(3,055,863)
Cash flows from financing activities					
Proceeds of accommodation bond held in trust		14,091,182	19,882,189	14,091,182	19,882,189
Repayment of accommodation bond held in trust		(6,155,165)	(5,482,354)	(6,155,165)	(5,482,354)
Repayment of borrowings		-	(15,334,136)	-	(15,334,136)
Repayment of lease liabilities		(17,958)	(16,850)	(17,958)	(16,850)
Amounts advanced torelated parties		-	-	-	(546,788)
Net cash generated by/(used in) financing activities		7,918,059	(951,151)	7,918,059	(1,497,939)
Net increase/(decrease) in cash and cash equivalents		3,158,292	(5,739,914)	3,381,348	(5,802,587)
Cash and cash equivalents at the beginning of the year		3,173,033	8,912,947	2,948,970	8,751,557
Cash and cash equivalents at the end of the year	18(a)	6,331,325	3,173,033	6,330,318	2,948,970

Notes to the financial statements are included on pages 12 to 33.

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 year (and/or prior years)*

The following new and revised Standards and Interpretations have been adopted in the current year 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

Amendments to AASB 7 'Financial Instruments: Disclosure' (adopted in advance of effective date of 1 January 2011)	The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding renegotiated loans.
Amendments to AASB 101 'Presentation of Financial Statements' (adopted in advance of effective date of 1 January 2011)	The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.

Standards and Interpretations affecting the reported results or financial position

There are no new and revised Standards and Interpretations adopted in these financial statements affecting the reporting results or financial position.

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.

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

AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'	The application of AASB 2009-5 makes amendments to AASB 5 ' Non Current Assets, held for sale and discontinued operations' to clarify that the disclosure requirements in Standards other than AASB 5 do not generally apply to non-current assets classified as held for sale and discontinued operations. Further, AASB 2009-5 makes amendments to AASB107 'Statement of Cash Flows' to 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.
AASB 2010-3 'Amendments to Australian Accounting Standards arising from the Annual Improvements Project'	The application of AASB 2010-3 makes amendments to AASB 3(2008) 'Business Combinations' to clarify that the measurement choice regarding non-controlling interests at the date of acquisition is only available in respect of non- controlling interests that are present ownership interests and that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other types of non- controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by other Standards.
AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'	Except for the amendments to AASB 7 and AASB 101 described earlier this section, the application of AASB 2010-4 has not had any material effect on amounts reported in the financial statements.
Interpretation 19 'Extinguishing Financial Liabilities with Equity Instruments'	This Interpretation provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. In particular, the equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss. To date, the Group has not entered into transactions of this nature.

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 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' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'	1 January 2013	30 June 2014
AASB 1053 'Application of Tiers of Australian Accounting Standards' and AASB 2010-2 'Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements'	1 July 2013	30 June 2014
AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'	1 January 2011	30 June 2012
AASB 2010-5 'Amendments to Australian Accounting Standards'	1 January 2011	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 September 2011.

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.

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 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.

<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 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.

<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 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.

<u>Available-for-sale financial assets</u>

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.

<u>Term deposits</u>

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 association

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. 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 $11,983,744 (2010: $11,941,114) for the economic entity, and $12,427,242 (2010: $12,607,666) for the parent entity, accommodation bonds of $40,117,658 (2009: $32,306,451) are included as current liabilities. While the accommodation bonds are repayable on demand, they form the basis of long term funding and are generally replaced by incoming residents. The Committee therefore believes that the going concern basis of preparation is appropriate.

	Economic Entity		Parent Entity	
	2011 $	2010 $	2011 $	2010 $
4. Revenue				
Other revenue:				
Donations	1,053,382	855,957	1,053,382	855,957
Bequests	1,216,152	3,448,406	1,216,152	3,448,406
Appeals	2,744,795	2,366,887	2,744,795	2,366,887
Interest revenue	1,745,827	1,344,214	1,745,827	1,344,096
Capital appeal	72,793	1,239,667	72,793	1,239,667
Other revenue	273,970	247,553	273,900	233,490
	7,106,919	9,502,684	7,106,849	9,488,503

5. Deficit for the year before tax

Deficit for the year has been arrived at after charging the following items of expense:

	Economic Entity 2011 $	Economic Entity 2010 $	Parent Entity 2011 $	Parent Entity 2010 $
Computer rental costs	(178,028)	(147,559)	(178,028)	(147,559)
Depreciation of non-current assets				
Computer equipment	(14,524)	(19,941)	(14,524)	(19,941)
Buildings	(1,442,178)	(1,154,130)	(1,442,178)	(481,202)
Motor vehicles	(26,157)	(30,607)	(26,157)	(30,607)
Motor vehicles under finance lease	(19,701)	(19,701)	(19,701)	(19,701)
Furniture, fixtures, fittings	(528,630)	(545,217)	(528,630)	(545,217)
Total depreciation and amortisation	(2,031,190)	(1,769,596)	(2,031,190)	(1,096,668)
Community development expenses				
- fundraising	(965,589)	(1,212,989)	(965,589)	(1,212,989)
- organisational development and marketing	(284,109)	(301,190)	(284,109)	(301,190)
	(1,249,698)	(1,514,179)	(1,249,698)	(1,514,179)
Employee benefits expenses				
- salary, wages and related costs	(23,996,232)	(24,112,655)	(23,996,232)	(24,112,655)
- superannuation	(1,900,830)	(1,775,480)	(1,900,830)	(1,775,480)
- workcover expenses	(195,464)	(666,809)	(195,464)	(666,809)
	(26,092,526)	(26,554,944)	(26,092,526)	(26,554,944)
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	
	2011 $	2010 $	2011 $	2010 $

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

Other expenses				
- emergency services	(211,952)	(346,183)	(211,952)	(346,183)
- security services	(212,163)	(257,461)	(212,163)	(257,461)
- travel and motor vehicle expenses	(182,970)	(131,994)	(182,970)	(131,994)
- rates and insurance	(383,306)	(315,406)	(383,306)	(315,406)
- rental expenses	(206,595)	(200,572)	(206,595)	(200,572)
- other expenses	(186,382)	(161,747)	(186,367)	(93,575)
	(1,383,368)	(1,413,363)	(1,383,353)	(1,345,191)

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	303,763	400,413	303,763	400,413
Less allowance for doubtful debts	(12,680)	(85,894)	(12,680)	(85,894)
	291,083	314,519	291,083	314,519
Secured loan debtors	529,963	537,573	529,963	537,573
Less allowance for doubtful debts	(397)	(397)	(397)	(397)
	529,566	537,176	529,566	537,176
Goods and services tax recoverable	127,186	167,807	127,186	167,807
Other debtors	1,505,130	1,676,035	1,505,095	1,676,002
	2,452,965	2,695,537	2,452,930	2,695,504
Non-current				
Amounts receivable from:				
- controlled entities	-	-	121,767	344,876

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 $177,927 (2010: $154,541) 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	67,281	36,680	67,281	36,680
90 – 120 days	86,854	117,771	86,854	117,771
	177,927	154,451	177,927	154,451

	Economic Entity		Parent Entity	
	2011	2010	2011	2010
	$	$	$	$
7. Trade and other receivables (cont'd)				
Movement in the allowance for doubtful debts				
Balance at the beginning of the year	86,291	70,720	86,291	70,720
Impairment losses recognised on receivables	-	15,571	-	15,571
Amounts written off as uncollectible	(73,214)	-	(73,214)	-
Balance at the end of the year	13,077	86,291	13,077	86,291

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 2011 $	Economic Entity 2010 $	Parent Entity 2011 $	Parent Entity 2010 $
8. Other financial assets				
Share investments	185,823	166,397	185,823	166,397
Term deposits	-	282,441	-	282,441
Term deposits (Accommodation bonds)	27,320,962	21,195,638	27,320,962	21,195,638
Encumbered bequests held in trust	-	124,810	-	124,810
	27,506,785	21,769,286	27,506,785	21,769,286
9. Property, plant and equipment				
Land and buildings at fair value	77,419,221	77,598,265	77,419,221	77,598,265
Accumulated depreciation	(1,293,015)	(1,296,134)	(1,293,015)	(1,296,134)
	76,126,206	76,302,131	76,126,206	76,302,131
Building under construction	60,963	-	60,963	-
Motor vehicles	377,136	377,135	377,136	377,135
Accumulated depreciation	(352,320)	(326,163)	(352,320)	(326,163)
	24,816	50,972	24,816	50,972
Furniture and fittings	8,045,585	7,595,226	8,045,585	7,595,226
Accumulated depreciation	(5,497,118)	(4,968,487)	(5,497,118)	(4,968,487)
	2,548,467	2,626,739	2,548,467	2,626,739
Computer equipment	875,221	840,472	875,221	840,472
Accumulated depreciation	(832,934)	(818,411)	(832,934)	(818,411)
	42,287	22,061	42,287	22,061
Motor vehicles under finance lease	98,503	98,503	98,503	98,503
Accumulated depreciation	(45,169)	(25,468)	(45,169)	(25,468)
	53,334	73,035	53,334	73,035
Total property, plant and equipment	78,856,073	79,074,938	78,856,073	79,074,938

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 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
Transfers	-	-	-	-	-	-	-
Additions	381,254	60,963	-	450,359	34,749	-	927,325
Net revaluation increment	885,000	-	-	-	-	-	885,000
Net disposals	-	-	-	-	-	-	-
Depreciation expense	(1,442,178)	-	(26,157)	(528,630)	(14,524)	(19,701)	(2,031,190)
Balance at 30 June 2011	76,126,207	60,963	24,815	2,548,468	42,286	53,334	78,856,073

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 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
Transfers	-	-	-	-	-	-	-
Additions	381,254	60,963	-	450,359	34,749	-	927,325
Net revaluation increment	885,000	-	-	-	-	-	885,000
Net disposals	-	-	-	-	-	-	-
Depreciation expense	(1,442,178)	-	(26,157)	(528,630)	(14,524)	(19,701)	(2,031,190)
Balance at 30 June 2011	76,126,207	60,963	24,815	2,548,468	42,286	53,334	78,856,073

	Economic Entity		Parent Entity	
	2011	**2010**	**2011**	**2010**
	$	**$**	**$**	**$**

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

Committees' valuation

The Committee has reviewed the carrying values of land and buildings as at 30 June 2011. In doing so, the Committee has considered the following:

Land and buildings were valued in two tranches, one as at 30 June 2010 and the second at 30 June 2011 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

Prepayments and deposits	23,430	36,049	23,430	36,049

11. Trade and other payables

Trade payables	2,577,579	1,814,409	2,577,579	1,814,409
Sundry payables and accruals	743,679	986,571	743,179	986,071
Resident funds	127,202	136,815	127,202	136,815
	3,448,460	2,937,795	3,447,960	2,937,295

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

Employee benefits	4,673,691	4,354,356	4,673,691	4,354,356

Non-current

Employee benefits	424,880	543,360	424,880	543,360

		Economic Entity		Parent Entity	
		2011	2010	2011	2010
		$	$	$	$
13. Borrowings					
Secured - at amortised cost					
Current					
Bank loan		-	-	-	-
Finance lease liability (refer note 21)		58,440	16,417	58,440	16,417
		58,440	16,417	58,440	16,417
Non-current					
Finance lease liability (refer note 21)		-	59,981	-	59,981
14. Other liabilities					
Amounts payable to controlled entities		-	-	442,956	442,956
Deposits held in trust (accommodation bonds)		40,117,658	32,306,451	40,117,658	32,306,451
		40,117,658	32,306,451	40,560,614	32,749,407
15. Reserves					
General reserve	(a)	1,369,550	1,369,550	1,369,550	1,369,550
Asset revaluation	(b)	24,780,023	23,875,597	27,042,117	26,137,691
Other reserve	(c)	3,074,792	3,074,792	3,025,966	3,025,966
		29,224,365	28,319,939	31,437,633	30,533,207

(a) General reserve

	Economic Entity 2011	Economic Entity 2010	Parent Entity 2011	Parent Entity 2010
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.

(b) Asset revaluation reserve

	Economic Entity 2011	Economic Entity 2010	Parent Entity 2011	Parent Entity 2010
Balance at the beginning of the year	23,875,597	21,416,613	26,137,691	23,678,707
Gain on revaluation of investments	19,426	1,236	19,426	1,236
Gain on revaluation of property	885,000	2,457,748	885,000	2,457,748
Balance at the end of the year	24,780,023	23,875,597	27.042,117	26,137,691

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.

(c) Other reserve

	Economic Entity 2011	Economic Entity 2010	Parent Entity 2011	Parent Entity 2010
Balance at beginning of financial year	3,074,792	3,081,092	3,025,966	3,032,266
(Distributed)/undistributed reserves	-	(6,300)	-	(6,300)
Balance at beginning and end of financial year	3,074,792	3,074,792	3,025,966	3,025,966

	Economic Entity		Parent Entity	
	2011 $	2010 $	2011 $	2010 $

16. Commitments for expenditure

(a) Capital expenditure commitments

Not longer than 1 year	-	-	-	-

(b) Other expenditure commitments

<u>Rental Commitments</u>				
Not longer than 1 year	200,500	200,500	200,500	200,500
Longer than 1 year and not longer than 5 years	750,000	750,000	750,000	750,000
	950,500	950,500	950,500	950,500

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 2011.

17. Controlled entities

Name of entity	Country of incorporation	Ownership interest 2011 %	Ownership interest 2010 %
<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

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 2011 $	Economic Entity 2010 $	Parent Entity 2011 $	Parent Entity 2010 $
Cash on hand	8,467	8,217	7,460	7,210
Cash at bank	6,322,858	3,164,816	6,322,858	2,941,760
	6,331,325	3,173,033	6,330,318	2,948,970

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

	Economic Entity 2011 $	Economic Entity 2010 $	Parent Entity 2011 $	Parent Entity 2010 $
(Deficit)/surplus for the year	(987,460)	(270,333)	(987,515)	(2,532,504)
Depreciation and amortisation	2,031,190	1,769,596	2,031,190	1,096,668
Gain on sale or disposal of non-current assets	-	(940,021)	-	(940,021)
Impairment of internal loan	-	-	-	3,485,269
Movement in working capital				
(Increase)/decrease in assets:				
Trade and other receivables	242,572	(1,104,941)	242,572	(1,206,532)
Other assets	12,619	27,005	12,619	27,005
Increase/(decrease) in liabilities:				
Trade and other payables	510,665	(946,423)	510,665	(876,388)
Provisions	200,855	(302,282)	200,855	(302,282)
Net cash (used in)/generated by operating activities	2,010,441	(1,767,399)	2,010,386	(1,248,785)

19. Financial instruments

(a) Categories of financial instruments

	Economic Entity 2011 $	Economic Entity 2010 $	Parent Entity 2011 $	Parent Entity 2010 $
Financial assets				
Cash and cash equivalents	6,331,325	3,173,033	6,330,318	2,948,970
Loans and receivables	2,452,965	2,695,537	2,452,931	2,695,504
Held to maturity investments	27,320,962	21,602,889	27,320,962	21,602,889
Available for sale financial assets	185,823	166,397	185,823	166,397
Financial liabilities				
Amortised cost – other financial liabilities	43,525,810	35,244,246	43,978,266	35,686,702
Finance lease liability	58,440	76,398	58,440	76,398

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 contracts as at 30 June 2011.

(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 $48,934 and decrease by $24,467 (2010: increase by $14,666 and decrease by $7,333).

The economic entity's sensitivity to interest rates has increased during the current period mainly due to an increase in cash held of $3,158,293 (refer to note 18).

Economic entity	**Carrying amount on average 2011** $	**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	4,752,179	47,522	23,761
Term deposits	141,221	1,412	706
	4,893,400	48,934	24,467
Floating rates financial liabilities			
Bank loan	-	-	-
Increase/(decrease) in net profit		48,934	24,467

19. Financial instruments (cont'd)

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

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)

(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
2011						
Non-interest bearing		127,202	3,280,951	-	-	-
Variable interest financial instrument	7.7%	1,548	4,696	52,196	-	-
		128,750	3,285,647	52,196	-	-
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	-	-

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**
2011						
Non-interest bearing		127,202	3,280,951	-	-	-
Variable interest financial instrument	7.7%	1,548	4,696	52,196	-	-
		128,750	3,285,647	52,196	-	-
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	3,815,944	31,366,431	-	-

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**
2011						
Non-interest bearing		820,649	167,807	1,690,953	-	-
Variable interest rate instruments	3.7%	6,651,649	27,000,639	-	-	-
		7,472,298	27,167,446	1,690,953	-	-
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	-	-

Parent Entity	**Weighted average effective interest rate %**	**Less than 1 month**	**1-3 months**	**3 months to 1 year**	**1-5 years**	**5+ years**
2011						
Non-interest bearing		820,649	167,807	1,690,953	-	-
Variable interest rate instruments	3.7%	6,651,649	27,000,639	-	-	-
		7,472,298	27,167,446	1,690,953	-	-
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	-	-

The Association does not hold any derivative financial instruments.

20. Related party transactions

(a) Transactions with key management personnel

	Number of KMP	Salary $	Superannuation $	Total $
2011				
Key management personnel compensation	9	1,381,147	124,303	1,505,450
2010				
Key management personnel compensation	5	699,184	62,927	762,111

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 Jeffrey Appel
Leah Balter
Mr Andrew Blode
Mr Mike Debinski
Dr Joel Freeman
Mrs Sally Genser
Mr Daniel Jenshel
Mr Farrel Meltzer
Mr Simon Morris
Mr Greg Nankin
Ms Marcia Pinskier
Assoc Prof Leslie Reti
Mr Michael Schoenfeld
Mr Bruce Rosengarten
Mrs Robyne Schwarz

(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 $10,000.

	Economic Entity 2011 $	Economic Entity 2010 $	Parent Entity 2011 $	Parent Entity 2010 $

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 2011 $	Economic Entity 2010 $	Parent Entity 2011 $	Parent Entity 2010 $
(i) Amounts receivable from controlled entities:				
Jewish Aid Society Incorporated	-	-	121,767	121,821
Jewish Care Property SPV Ltd	-	-	-	223,055
(ii) Amounts payable to controlled entities:				
Jewish Aid Society Incorporated	-	-	442,956	442,956

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	
	2011 $	2010 $	2011 $	2010 $	2011 $	2010 $	2011 $	2010 $
No later than 1 year	61,055	22,317	61,055	22,317	58,440	16,417	58,440	16,417
Later than 1 year and not later than 5 years	-	61,056	-	61,056	-	59,981	-	59,981
Minimum future lease payments	61,055	83,373	61,055	83,373	58,440	76,398	58,440	76,398
Less future finance charges	(2,615)	(6,975)	(2,615)	(6,975)	-	-	-	-
Present value of minimum lease payments	58,440	76,398	58,440	76,398	58,440	76,398	58,440	76,398
Included in the financial statements as: (note 13)								
Current borrowings					58,440	16,417	58,440	16,417
Non-current borrowings					-	59,981	-	59,981
					58,440	76,398	58,440	76,398

22. Auditor of the parent entity

	Economic Entity 2011 $	Economic Entity 2010 $	Parent Entity 2011 $	Parent Entity 2010 $
Audit or review of the financial report	74,500	64,100	74,500	64,100
Audit or review of other financial reports and grants	30,500	22,750	30,500	22,750
Other services	-	5,900	-	5,900
	105,000	92,750	105,000	92,750

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

23: Segment Reporting

Economic Entity	**Residential Services**		**Community Services**		**Total**	
	2011 $	**2010** $	**2011** $	**2010** $	**2011** $	**2010** $
Revenue from ordinary activities						
Fees and charges	8,745,901	7,611,695	1,973,578	1,683,098	10,719,479	9,294,793
Subsidies- Government subsidies	16,206,658	13,689,798	7,833,749	7,868,270	24,040,407	21,558,068
Subsidies - External	-	-	1,669,868	1,776,180	1,669,868	1,776,180
Profit on sale of property, plant and equipment	-	940,021	-	-	-	940,021
Other revenues from ordinary activities (4)	1,303,609	899,375	5,803,310	8,603,309	7,106,919	9,502,684
	26,256,168	23,140,889	17,280,505	19,930,857	43,536,673	43,071,746
Expense from ordinary activities						
Employee benefits expenses	(13,897,197)	(16,062,534)	(12,195,329)	(10,492,410)	(26,092,526)	(26,554,944)
Depreciation and amortisation expenses	(1,685,888)	(1,469,288)	(345,302)	(300,308)	(2,031,190)	(1,769,596)
Food expenses	(4,824,722)	(4,399,570)	(210,657)	(219,466)	(5,035,379)	(4,619,036)
Repairs and maintenance	(2,561,425)	(1,078,935)	(200,017)	(185,532)	(2,761,442)	(1,264,467)
Medical and other supplies	(699,227)	(689,937)	(29,864)	(35,882)	(729,091)	(725,819)
Consulting expenses	(36,823)	(27,133)	(317,663)	(739,133)	(354,486)	(766,266)
Energy, rates and insurance	(716,937)	(691,352)	(170,986)	(105,592)	(887,923)	(796,944)
Office administration expenses	(407,460)	(384,382)	(1,153,040)	(932,879)	(1,560,500)	(1,317,261)
Laundry expenses	(571,667)	(517,748)	(1,039)	(1,144)	(572,706)	(518,892)
Security expenses	(216,656)	(252,749)	(2,643)	(4,712)	(219,299)	(257,461)
Rental expenses	-	-	(207,895)	(200,572)	(207,895)	(200,572)
Emergency services	-	-	(211,952)	(346,183)	(211,952)	(346,183)
Client and resident costs	(62,213)	(68,130)	(2,177,297)	(1,827,277)	(2,239,510)	(1,895,407)
Travel and motor vehicle expenses	(11,597)	(9,170)	(171,373)	(122,824)	(182,970)	(131,994)
Sundry expenses	(21,911)	(70,390)	(165,655)	(91,022)	(187,566)	(161,412)
Fundraising expenditure	-	-	(965,589)	(1,212,989)	(965,589)	(1,212,989)
Marketing and public relations expenses	-	-	(284,109)	(301,190)	(284,109)	(301,190)
Finance costs	-	(496,179)	-	(5,467)	-	(501,646)
Head office expenses	(2,910,756)	(2,946,540)	2,910,756	2,946,540	-	-
	(28,624,479)	(29,164,037)	(15,899,654)	(14,178,042)	(44,524,133)	(43,342,079)
(Deficit)/surplus after income tax expense	(2,368,311)	(6,023,148)	1,380,351	5,752,815	(987,460)	(270,333)

23. Segment reporting (cont'd)	**Residential Services**		**Community Services**		**Total**	
	2011 $	**2010 $**	**2011 $**	**2010 $**	**2011 $**	**2010 $**
Current assets						
Cash and cash equivalents	2,326,371	1,296,072	4,004,954	1,876,961	6,331,325	3,173,033
Trade and other receivables	744,838	788,876	1,708,127	1,906,661	2,452,965	2,695,537
Financial assets	21,716,127	17,187,888	5,790,658	4,581,398	27,506,785	21,769,286
Other assets	9,371	14,419	14,059	21,630	23,430	36,049
Total current assets	24,796,707	19,287,255	11,517,798	8,386,650	36,314,505	27,673,905
Non-current assets						
Property, plant and equipment	52,880,952	53,598,075	25,975,121	25,476,863	78,856,073	79,074,938
Total non-current assets	52,880,952	53,598,075	25,975,121	25,476,863	78,856,073	79,074,938
Total assets	77,677,659	72,885,330	37,492,919	33,863,513	115,170,578	106,748,843
Current liabilities						
Trade and other payables	2,189,835	1,853,310	1,258,625	1,084,485	3,448,460	2,937,795
Provisions	3,304,824	3,065,554	1,368,868	1,288,802	4,673,691	4,354,356
Borrowings	-	-	58,440	16,417	58,440	16,417
Other liabilities	40,117,658	32,306,451	-	-	40,117,658	32,306,451
Total current liabilities	45,612,317	37,225,315	2,685,933	2,389,704	48,298,249	39,615,019
Non-current liabilities						
Provisions	300,485	382,602	124,395	160,758	424,880	543,360
Borrowings	-	-	-	59,981	-	59,981
Total non-current liabilities	300,485	382,602	124,395	220,739	424,880	603,341
Total liabilities	45,912,802	37,607,917	2,810,328	2,610,443	48,723,129	40,218,360
Net assets	31,764,857	35,277,413	34,682,592	31,253,070	66,447,449	66,530,483
Equity						
Reserves	11,391,217	12,535,462	17,833,148	15,784,477	29,224,365	28,319,939
Accumulated funds	20,373,640	22,741,951	16,849,444	15,468,593	37,223,084	38,210,544
Total equity	31,764,857	35,277,413	34,682,592	31,253,070	66,447,449	66,530,483

JewishCare
My Community. My Choice.

Jewish Care (Victoria) Inc
619 St Kilda Road
Melbourne Victoria 3004
ABN 78 345 431 247
ARN A0040705X

Telephone (03) 8517 5999
Facsimile (03) 8517 5778
info@jewishcare.org.au
www.jewishcare.org.au

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