

Statement by the Board

Directors submit the financial report of Catholic Homes for the Elderly Inc. for the financial year ended 30 June 2006.

PRINCIPAL ACTIVITIES

The principal activity of the Association during the financial year was the provision of Aged Care Accommodation.

SIGNIFICANT CHANGES

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

OPERATING RESULT

The profit from operations amounted to \$2,699,523.

During the financial year there was no significant change in the state of affairs of the Association other than referred to in the accounts or notes thereto.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Association, the results of those operations or the state of affairs of the Association in future financial years.

Likely developments in the operations of the Association and the expected results of those operations in future financial years have not been included in the report as the inclusion of such information is likely to result in unreasonable prejudice to the Association.

The Association's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a State or Territory.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Association.

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

The Association was not party to any such proceedings during the year.

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

Director's Declaration

The directors declare that:

- (a) the attached financial statements and notes thereto comply with Accounting Standard AASB 1039 'Concise Financial Reports', and
- (b) the attached financial statements and notes thereto have been derived from the full financial report of the company.

Signed in accordance with a resolution of the directors.

On behalf of the Directors



Peter Whiting
Director



Karen Hill
Director

Melbourne, 25 September 2006

Auditor's Report

DTT Victoria

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Independent audit report to the members of Catholic Homes for the Elderly Inc

Scope

The concise financial report and directors' responsibility

The concise financial report of Catholic Homes for the Elderly Inc. comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, and accompanying notes for the entity for the year ended 30 June 2006 as set out on pages 2 to 9.

The directors of the company are responsible for the preparation and presentation of the concise financial report in accordance with Accounting Standard AASB 1039 "Concise Financial Reports". This includes responsibility for the maintenance of adequate financial records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the concise financial report.

Audit approach

We have conducted an independent audit of the concise financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the concise financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We have also performed an independent audit of the full financial report of the company for the year ended 30 June 2006. Our audit report on the full financial report was signed on 25 September 2006, and was not subject to any qualification.


Our procedures in respect of the audit of the concise financial report included testing that the information in the concise financial report is consistent with the full financial report, and examination, on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures in the concise financial report that were not directly derived from the full financial report. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report is presented fairly in accordance with Accounting Standard AASB 1039 "Concise Financial Reports".

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the concise financial report of Catholic Homes for the Elderly Inc. for the year ended 30 June 2006 complies with Accounting Standard AASB 1039 "Concise Financial Reports".


DTT VICTORIA
Chartered Accountants


J F Knott
Partner

Melbourne, 25 September 2006

Liability limited by a scheme approved under Professional Standards Legislation.
DTT Victoria has changed its name from BDO and is a continuation of that Victorian partnership. The partners of DTT Victoria have also joined the Australian partnership of Deloitte Touche Tohmatsu.
All changes with effect from 14 August 2006.

Financial Statements

Income Statement for the year ended 30 June 2006

	2006 \$	2005 \$
Revenue	18,853,479	14,443,552
Depreciation and amortisation expenses	(1,588,900)	(1,292,482)
Other expenses	(14,565,056)	(12,433,625)
Profit / (loss)	2,699,523	717,445
Income tax	-	-
Profit from operations	2,699,523	717,445

The accompanying notes form part of these financial statements.
*Notes to the accounts are available on our web site, www.che.org.au

Financial Statements

Balance Sheet as at 30 June 2006

	2006 \$	2005 \$
Current Assets		
Cash and cash equivalents	2,580,285	2,446,809
Trade and other receivables	1,008,784	719,152
Financial assets	8,537,455	10,265,040
Other current assets	128,208	343,748
Total Current Assets	12,254,732	13,774,749
Non-Current Assets		
Financial assets	9,916,508	5,572,531
Property, plant and equipment	74,937,369	64,193,381
Intangibles assets	16,345,000	128,000
Total Non-Current Assets	101,198,877	69,893,912
Total Assets	113,453,609	83,668,661
Current Liabilities		
Trade and other payables	35,550,445	26,949,037
Short-term provisions	970,622	876,082
Total Current Liabilities	36,521,067	27,825,119
Non-Current Liabilities		
Other long-term provisions	978,114	789,986
Total Non-Current Liabilities	978,114	789,986
Total Liabilities	37,499,181	28,615,105
Net Assets	75,954,428	55,053,556
Equity		
Reserves	56,273,646	52,078,078
Retained earnings	19,680,782	2,975,478
Total Equity	75,954,428	55,053,556

The accompanying notes form part of these financial statements.
*Notes to the accounts are available on our web site, www.che.org.au

Financial Statements

Statement of Changes in Equity for the year ended 30 June 2006

	Property Valuation Reserve	Donations & Bequests Reserve	Contributions Tenants Reserve	Annual Capital Contribution Reserve
	\$	\$	\$	\$
Balance as 1 July 2004	33,046,353	1,137,987	6,815,148	583,602
Profit attributable to the association				
Transfers from Retained Earnings		28,934	776,273	75,543
Contributions attributable to 04/05				
Changes in fair value of available for sale investments				
Impairment of Assets				
Balance as 30 June 2005	33,046,353	1,166,921	7,591,421	659,145
Profit attributable to the association				
Contributions attributable to 05/06				
Transfers from Retained Earnings		1,143,306	954,437	113,476
Changes in fair value of available for sale investments				
Valuation of Bed Licences				
Balance as 30 June 2006	33,046,353	2,310,227	8,545,858	772,621

The accompanying notes form part of these financial statements.

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Concessional Resident Reserve	Government Contribution Reserve	Roman Catholic Trust Corporation Reserve	Providence Hostel Reserve	Fair Value Reserve	Retained Surplus	Total
\$	\$	\$	\$	\$	\$	\$
1,467,881	7,579,693	1,697,169	199,590	(1,033,008)	6,341,276	57,835,691
					717,445	717,445
					(880,750)	-
			34,829			34,829
				(331,916)		(331,916)
					(3,202,493)	(3,202,493)
1,467,881	7,579,693	1,697,169	234,419	(1,364,924)	2,975,478	55,053,556
					2,699,523	2,699,523
			2,917			2,917
					(2,211,219)	-
				1,981,432		1,981,432
					16,217,000	16,217,000
1,467,881	7,579,693	1,697,169	237,336	616,508	19,680,782	75,954,428

The accompanying notes form part of these financial statements.
 *Notes to the accounts are available on our web site, www.che.org.au

Financial Statements

Summarised Statement of Cash Flows for the year ended 30 June 2006

	2006 \$	2005 \$
Cash Flows from Operating Activities		
Receipts from customers	15,216,714	12,694,235
Receipts from donations	1,143,306	28,933
Payments to suppliers and employees	(11,564,735)	(12,584,864)
Interest received	1,069,655	1,012,662
GST paid	(1,532,984)	(1,198,526)
Net cash provided by (used in) operating activities	4,331,956	(47,560)
Cash Flows from Investing Activities		
Proceeds from sale of property	958,003	33,256
Purchase of property, plant and equipment	(13,108,238)	(9,508,091)
Purchase of investments	(2,362,545)	12,833,175
Proceeds from sale of investments	1,727,585	(12,000,000)
Net cash provided by (used in) investing activities	(12,785,195)	(8,641,660)
Cash Flows from Financing Activities		
Proceeds from borrowings	8,586,715	8,363,715
Net cash provided by (used in) financing activities	8,586,715	8,363,715
Net increase (decrease) in cash held	133,476	(325,505)
Cash at beginning of financial year	2,446,809	2,772,314
Cash at end of financial year	2,580,285	2,446,809

The accompanying notes form part of these financial statements.
*Notes to the accounts are available on our web site, www.che.org.au

Financial Statements

Notes to Accounts

for the year ended 30 June 2006

I. Impacts of the adoption of Australian equivalents to International Financial Reporting Standards (Continued)

	Previous GAAP at 1 July 2004	Effect of Transition to AIFRS	AIFRS at 1 July 2004
Reconciliation of Equity at 1 July 2004			
Current Assets			
Cash and cash equivalents	2,772,314	-	2,772,314
Trade and other receivables	524,318	-	524,318
Financial assets	12,327,175	-	12,327,175
Other current assets	123,938	-	123,938
Total Current Assets	15,747,745	-	15,747,745
Non-Current Assets			
Financial assets	5,730,245	(1,033,008)	4,697,237
Property, plant and equipment	59,353,528	(128,000)	59,225,528
Intangibles assets	-	128,000	128,000
Total Non-Current Assets	65,083,773	(1,033,008)	64,050,765
Total Assets	80,831,518	(1,033,008)	79,798,510
Current Liabilities			
Trade and other payables	20,406,244	-	20,406,244
Short-term provisions	824,392	-	824,392
Total Current Liabilities	21,230,636	-	21,230,636
Non-Current Liabilities			
Other long-term provisions	732,184	-	732,184
Total Non-Current Liabilities	732,184	-	732,184
Total Liabilities	21,962,820	-	21,962,820
Net Assets	58,868,698	(1,033,008)	57,835,690
Equity			
Reserves	52,537,046	-	52,537,046
Retained earnings	6,331,652	(1,033,008)	5,298,644
Total Equity	58,868,698	(1,033,008)	57,835,690

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Notes to Accounts

for the year ended 30 June 2006

I. Impacts of the adoption of Australian equivalents to International Financial Reporting Standards (Continued)

	Previous GAAP at 30 June 2005	Effect of Transition to AIFRS	AIFRS at 30 June 2005
Reconciliation of Equity at 30 June 2005			
Current Assets			
Cash and cash equivalents	2,446,809	-	2,446,809
Trade and other receivables	719,152	-	719,152
Financial assets	10,265,040	-	10,265,040
Other current assets	343,748	-	343,748
Total Current Assets	13,774,749	-	13,774,749
Non-Current Assets			
Financial assets	6,937,455	(1,364,924)	5,572,531
Property, plant and equipment	67,523,874	(3,330,493)	64,193,381
Intangibles assets	-	128,000	128,000
Total Non-Current Assets	74,461,329	(4,567,417)	69,893,912
Total Assets	88,236,078	(4,567,417)	83,668,661
Current Liabilities			
Trade and other payables	26,949,037	-	26,949,037
Short-term provisions	876,082	-	876,082
Total Current Liabilities	27,825,119	-	27,825,119
Non-Current Liabilities			
Other long-term provisions	789,986	-	789,986
Total Non-Current Liabilities	789,986	-	789,986
Total Liabilities	28,615,105	-	28,615,105
Net Assets	59,620,973	(4,567,417)	55,053,556
Equity			
Reserves	53,452,625	(1,374,547)	52,078,078
Retained earnings	6,168,348	(3,192,870)	2,975,478
Total Equity	59,620,973	(4,567,417)	55,053,556

Financial Statements

Notes to Accounts

for the year ended 30 June 2006

I. Impacts of the adoption of Australian equivalents to International Financial Reporting Standards (Continued)

	Previous GAAP at 30 June 2005	Effect of Transition to AIFRS	AIFRS at 30 June 2005
Reconciliation of Profit or Loss for year ended 30 June 2005			
Revenue	14,443,552	-	14,443,552
Depreciation and amortisation expenses	(1,292,482)	-	(1,292,482)
Other expenses	(12,433,625)	-	(12,433,625)
Profit before income tax	717,445	-	717,445
Income tax	-	-	-
Profit from operations	717,445	-	717,445

- a) Available for sale investments are now recorded at fair value. These were recorded at cost under previous GAAP. Changes in fair value of (\$1,033,008) and of (\$1,364,924) were recognised at 1 July 2004 and 30 June 2005 respectively. A resulting adjustment of (\$331,916) was made to equity at 30 June 2005.
- b) Bed licenses are now shown as Intangibles. These were previously recorded at cost under Property, Plant and Equipment under previous GAAP. The balance of \$128,000 was transferred from Property, Plant and Equipment to Intangibles at 1 July 2004 and 30 June 2005.
- c) An impairment loss amounting to \$3,202,493 has been recognised under the AIFRS relating to leasehold improvements which has been written down to its recoverable amount. This loss has been recognised in the income statement for the year ended 30 June 2005.

Financial Statements

Notes to the Financial Statements for the financial year ended 30 June 2006

1. Basis of Preparation

The concise financial report has been prepared in accordance with the Corporations Act 2001 and Accounting Standard AASB 1039 'Concise Financial Reports'. The concise financial report, including the financial statements and specific disclosures included in the concise financial report, have been derived from the full financial report of Catholic Homes for the Elderly Inc.

All amounts are presented in Australian dollars.

The Association changed its accounting policies in 1 January 2005 to comply with the Australian equivalents to International Financial Reporting Standards ('A-IFRS'). The transition to A-IFRS is accounted for in accordance with Australian Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards', with 1 July 2004 as the date of transition. An explanation of how the transition from superseded policies to A-IFRS has affected the Association's financial position, financial performance and cash flows is discussed in note 2.

These accounting policies have been applied in preparing the financial statements for the year ended 30 June 2005, the comparative information presented in these financial statements for the year ended 30 June 2004 and in the preparation of the opening A-IFRS balance sheet as 1 July 2004 (as disclosed in note 2).

A full description of the accounting policies adopted by the Association is provided in the 2006 financial statements which form part of the full financial report.

2. Impacts of the adoption of Australian equivalents to International Financial Reporting Standards

The Association changed its accounting policies on 31 June 2005 to comply with the Australian equivalents to International Financial Reporting Standards ('A-IFRS'). The transition to A-IFRS is accounted for in accordance with Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards', with 1 July 2004 as the date of transition.

An explanation of how the transition from superseded policies to A-IFRS has affected the Association's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.