Example Not-for-Profit Consolidated Financial Statements

International Financial Reporting Standards (IFRS)

Grant Thornton CLEARR Example Ltd

31 December 2011

The BMD Group (BMD) is one of Australia's largest privately owned construction, consulting and urban development organisations. Through a relationship established in 2003, Grant Thornton Australia has provided audit and tax services to the group and has seen the business grow it's revenue from $100m to close to $1b.

"The team show genuine interest in our business and industry sector. The directors and senior managers at Grant Thornton are always available to discuss areas of concern and respond promptly when contacted with well researched responses to our queries," said Craig Mortensen, Chief Financial Officer of the BMD Group.

"Regular business updates from Grant Thornton have been invaluable. They have allowed us to plan for changes and adapt our business model to mitigate any adverse impacts. Our Grant Thornton team regularly identifies issues, such as the accounting of treatment of certain transactions during the acquisition or divestment process, that could be addressed immediately rather than waiting to deal with them as part of the year-end audit. This approach expedites the end of year process and provides the Board with confidence in the reported results prior to audit sign-off."

Craig Mortensen

Chief Financial Officer

BMD Group

(Pictured with Dan Carroll, Partner, Audit & Assurance)

Introduction

Example Consolidated Financial Statements 2011

The preparation of financial statements in accordance with Australian Accounting Standards (AASBs) [Australian Equivalents to International Financial Reporting Standards (AIFRS)] has been challenging over the last reporting season with the implementation of new disclosure requirements in respect of business combinations, segment reporting and the presentation of the primary statements within the financial report. The upcoming reporting season sees a period of consolidation and refinement, as there are minimal changes to the financial reporting requirements. However, preparers need to be wary of the next oncoming wave of changes currently unfolding in the next couple of years with the completion of the various convergence projects between the International Accounting Standards Board (IASB)/Financial Accounting Standards Board (FASB), especially in the areas of financial instruments, revenue and leasing.

Should preparers like to discuss the recent developments within these areas and how these may impact upon your business, please contact your local Grant Thornton Australia contact, or the National Accounting Support (NAS) team on nationalaudit.support@au.gt.com. There are also various publications (TA and EI Alerts) on our website www.grantthornton.com.au which provide an overview of these developments.

Grant Thornton Australia is pleased to publish *Example NFP Consolidated Financial Statements 2011*, which is based on the recent Grant Thornton International publication, however has been tailored to suit the Australian financial reporting, regulatory and not for profit (NFP) environment. This publication is intended to illustrate the 'look and feel' of AIFRS financial statements and to provide a realistic example of their presentation.

Example NFP Consolidated Financial Statements 2011 is based on the activities and results of Grant Thornton CLEARR Example Ltd and subsidiaries (the Group) - a fictional unlisted public not for profit entity that has been preparing AIFRS financial statements for several years. The entity is a company limited by guarantee. The form and content of AIFRS financial statements depend of course on the activities and transactions of each reporting entity. Our objective in preparing *Example NFP Consolidated Financial Statements 2011* was to illustrate one possible approach to financial reporting by an entity engaging in transactions that are 'typical' across a range of non-specialist sectors. However, as with any example, this illustration does not envisage every possible transaction and cannot therefore be regarded as comprehensive. Management is responsible for the fair presentation of financial statements and therefore may find other approaches more appropriate in their specific circumstances.

Example NFP Consolidated Financial Statements 2011 has been reviewed and updated to reflect changes in AASBs that are effective for the year ending 31 December 2011. However, no account has been taken of any new developments published after 31 August 2011. The Grant Thornton website contains any updates that are relevant for 31 December 2011 financial statements including our December 2011 'Updated Accounting Standards issued by the IASB/AASB but not yet applicable'.

Using this publication

In some areas alternative presentation and disclosure approaches are also illustrated in the Appendices.

For further guidance on the Standards and Interpretations applied, reference is made to Australian Accounting Standards and Interpretations sources throughout the document on the left hand side of each page.

The use of this publication is **not** a substitute for the use of a comprehensive and up to date disclosure checklist to ensure completeness of the disclosures in AIFRS financial statements.

Andrew Archer
National Head of Audit & Assurance
Grant Thornton Australia Ltd
November 2011

Contents

Page left intentionally blank

Directors' Report

The Directors of Grant Thornton CLEARR Example Ltd ('Grant Thornton CLEARR') present their Report together with the financial statements of the consolidated entity, being Grant Thornton CLEARR ('the Company') and its controlled entities ('the Group') for the year ended 31 December 2011 and the Independent Audit Report thereon.

CA 300B(3)(a)

Director details

The following persons were directors of Grant Thornton CLEARR during or since the end of the financial year.

CA 300B(3)(b)

Mr Blake Smith
B.Eng

Managing Director
Director since 2005

Mr Smith has considerable experience in effecting commercial, strategic and cultural change within a large corporation. He has held national leadership roles as a member of the Business Council of Australia and past Chairman of ESAA.

Mr Simon Murphy
LLB (Hons)

Independent Non-Executive Director

Independent Chairman / Nomination and Remuneration Committee Chair and Member of Audit and Risk Committee
Director since 2008

Simon has broad international corporate experience with extensive operations in North America and Europe and diverse trading relationships in Asia. Simon is a qualified lawyer in Australia

Ms Beth King
CA, MBA

Independent Non-Executive Director
Audit and Risk Committee Chair and Member of the Nomination and Remuneration Committee

Director since 2003

Beth is a Chartered Accountant and brings more than 20 years broad financial and commercial experience, both local and international to Grant Thornton CLEARR.

Mrs Alison French
BA (Hons)

Director since 2007

Alison has significant experience over 25 years in the not for profit sector, including senior executive positions based in Australia, New Zealand and Asia plus regional responsibilities over many years throughout Africa and the Middle East. She is Grant Thornton CLEARR Chief Executive Officer.

Mr William Middleton
BEc, FCA

Appointed 28 May 2011

Independent Non-Executive Director
Member of the Nomination and
Remuneration Committee and member of
Audit and Risk Committee

William is the Principal of WM Associations,
a financial consulting and advisory

CA 300B(1)(c),(d)

Principal activities

During the year, the principal activities of entities within the Group were to supply material aid to needy people in the community. Such activities included accommodation care, family support services, child care, aged care, youth and employment services.

There have been no significant changes in the nature of these activities during the year.

CA 300B(1)(a)

Short-term objectives

The Group's short-term objectives are to:

- offer community support services that develop wellbeing, resilience and transferable life skills;
- support underprivileged people by engaging all sectors of the community in ongoing partnerships and support programs; and
- be a recognised leader in the provision of community support services as evidenced by the success of programs and practices.

Long-term objectives

The company's long term objectives are to:

- establish and maintain relationships that foster social inclusion and community reconnection for underprivileged people; and
- be sustainable and strive for continuous improvement so as to offer the best possible outcomes for the underprivileged people requiring our assistance.

CA 300B(1)(b),(d) & (e)

Strategy for achieving short and long-term objectives

To achieve these objectives, the Group had adopted the following strategies:

- The entity strives to attract and retain quality staff and volunteers who are committed to working with underprivileged people in need, and this is evidenced by low staff turnover. The entity believes that attracting and retaining quality staff and volunteers will assist with the success of the entity in both the short and long term.

- Staff and volunteers work in partnership with a range of community stakeholders, and this is evidenced by ongoing support of the entity's projects and initiatives. The Group ensures community stakeholders understand and are committed to the objectives of the Group through ongoing education in order for the projects to succeed.

- Staff and volunteers are committed to creating new and maintaining existing programs in support of the underprivileged people. Committed staff and volunteers allow the entity the ability to engage in continuous improvement.

- The entity's staff and volunteers strive to meet consistent standards of best practice and provide clear expectations of professional accountabilities and responsibilities to all stakeholders. This is evidenced by the performance of staff and volunteers being assessed based on these accountabilities, and ensures staff are operating in the best interests of the underprivileged people and the Group.

Directors' meetings

CA 300B (3)(c)

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Board meetings	
	A	B
Blake Smith	12	12
Beth King	12	12
Simon Murphy	12	11
Alison French	12	12
William Middleton	2	2

Where:
A is the number of meetings the Director was entitled to attend
B is the number of meetings the Director attended

CA 300B (3)(d) & (e)

Contribution in winding up

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of $50 each towards meeting any outstanding obligations of the entity. At 31 December 2011, the total amount that members of the company are liable to contribute if the company wound up is $365,000 (2010:$365,000).

CA 298(1AB)

Auditors Independence Declaration

A copy of the auditor's independence declaration as required under s.307C of the Corporations Act 2001 is included in page 9 of this financial report and form part of the Director's report.

CA 298 (2a)

Signed in accordance with a resolution of the directors.

CA 298 (2c)

Blake Smith
Director

CA 298 (2b)

31 March 2012

Auditor's Independence Declaration

Grant Thornton Audit Pty Ltd
ACN 130 913 594

Level 17, 383 Kent Street
Sydney NSW 2000
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W **www.grantthornton.com.au**

To the Directors of Grant Thornton CLEARR Example Ltd

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Grant Thornton CLEARR Example Ltd for the year ended 31 December 2011, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A Archer
Partner – Audit & Assurance

Sydney, 31 March 2012

Guidance Note: Consolidated Statement of Financial Position

The statement of financial position complies with AASB 101 *Presentation of Financial Statements* (Revised 2007).

The statement of financial position includes a current/non-current distinction. When presentation based on liquidity is reliable and more relevant, the entity can choose to present the statement of financial position in order of liquidity (AASB 101.60). The entity will then not present a current/non-current distinction in the statement of financial position. However the disclosure requirements for amounts expected to be recovered or settled before or after 12 months must still be applied (AASB 101.61).

The *Example NFP Consolidated Financial Statements 2011* use the terminology in AASB 101 (Revised 2007), however an entity may use other titles (eg balance sheet) for the primary financial statements (AASB 101.10).

Consolidated Statement of Financial Position

As of 31 December 2011

		Notes	2011	2010
AASB 101.51(c)	**Assets**			
AASB 101.51(d-e)			**$'000**	**$'000**
AASB 101.60, AASB 101.66	**Current**			
AASB 101.54(g)	Inventories	10	1,017	969
AASB 101.54(h)	Trade and other receivables	11	14,533	17,112
AASB 101.54(d)	Other assets	12	720	977
AASB 101.54(i)	Cash and cash equivalents	13	101,554	90,271
AASB 101.60	Current assets		117,824	109,329
AASB 101.60, AASB 101.66	**Non-current**			
AASB 101.54(h)	Trade and other receivables	11	12,233	27,509
AASB 101.54(a)	Property, plant and equipment	6	255,045	250,623
AASB 101.54(c)	Intangible assets	7	1,154	1,493
AASB 101.54(d)	Other financial assets	9.2	7,323	10,031
AASB 101.60	Non-current assets		274,755	289,657
AASB 101.55	**Total assets**		**397,579**	**398,986**
AASB 101.57 AASB 101.51(c)	**Liabilities**			
AASB 101.51(d-e)				
AASB 101.60, AASB 101.69	**Current**			
AASB 101.54(l)	Provisions	15.2	6,960	6,960
AASB 101.54(k)	Trade and other payables	16	7,460	8,147
	Other liabilities	17	752	373
AASB 101.54(m)	Borrowings	18	85	89
AASB 101.55	Current liabilities		15,257	15,569
AASB 101.60, AASB 101.69	**Non-current**			
AASB 101.54(l)	Provisions	15.2	1,308	1,063
AASB 101.55	Non-current liabilities		1,308	1,063
AASB 101.55	**Total liabilities**		**16,565**	**16,632**
AASB 101.55	**Net assets**		**381,014**	**382,354**
	Equity			
AASB 101.55	Other components of equity	14	5,212	64
AASB 101.54(r)	Retained earnings		375,802	382,290
AASB 101.55	**Total equity**		**381,014**	**382,354**

This statement should be read in conjunction with the notes to the financial statements.

Page intentionally left blank

Guidance Note: Statement of Comprehensive Income

The statement of comprehensive income has been prepared in accordance with AASB 101 *Presentation of Financial Statements* (Revised 2007), which introduced the concept of a statement of comprehensive income. The statement of comprehensive income may be presented in one of the following ways:

- in a **single** statement of comprehensive income, or
- in **two** statements: a statement displaying components of profit or loss (separate income statement) and a statement of comprehensive income.

The example financial statements illustrate a statement of comprehensive income in a **single** statement. A two statement presentation is shown in Appendix B.

This statement of comprehensive income format illustrates an example of the 'nature of expense method'. See Appendix A for a format illustrating the 'function of expense' or 'cost of sales' method.

AASB 101 (Revised 2007) requires the entity to disclose reclassification adjustments and related tax effects relating to components of other comprehensive income either on the face of the statement or in the notes.

In this example the entity presents current year gains and losses relating to other comprehensive income on the face of the statement of comprehensive income (AASB 101.92). An entity may instead present reclassification adjustments in the notes, in which case the components of other comprehensive income are presented after any related reclassification adjustments (AASB 101.94).

According to AASB 101.90 an entity shall disclose the amount of income tax relating to each component of other comprehensive income, either on the face of the statement of comprehensive income or in the notes. In this example the entity presents components of other comprehensive income before tax with one amount shown for the aggregate amount of income tax relating to all components of other comprehensive income (AASB 101.91(b)). Alternatively, the entity may present each component of other comprehensive income net of related tax effects, AASB 101.91(a). If the tax effects of each component of other comprehensive income are not presented on the face of the statement this information shall be presented in the notes (see note 14).

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2011

		Notes	2011	2010
AASB 101.51(c)				
AASB 101.51(d-e)			$'000	$'000
AASB 101.82(a)	Revenue	5	115,902	107,720
AASB 101.85	Other income	5	1,705	1,827
AASB 101.85	Changes in inventories		48	148
AASB 101.85	Costs of material		(37,316)	(35,508)
AASB 101.85	Employee benefits expense	15.1	(57,360)	(55,708)
AASB 101.85	Depreciation and amortisation expense		(6,423)	(5,655)
AASB 101.85	Loss on sale of property, plant and equipment		(7,194)	(231)
AASB 101.85	Forgiveness of loan		(3,000)	-
AASB 101.85	Fundraising expenses		(2,953)	(2,702)
AASB 101.85	Other expenses		(9,898)	(9,015)
	Surplus/(deficit) before tax		(6,489)	876
AASB 101.82(d)	Tax expense	4.11	-	-
AASB.101.82(f)	**Surplus/(deficit) for the year**		(6,489)	876
AASB.101.82(g)	**Other comprehensive income:**			
AASB.116.77(f)	Revaluation of land		5,000	-
	Available-for-sale financial assets			
AASB 7.20(a)(ii)	Net changes in fair value of AFS financial assets, net of tax		148	227
	Other comprehensive income for the period, net of tax	**14**	**5,148**	**227**
	Total comprehensive income/(loss) for the period		**(1,340)**	**1,103**

This statement should be read in conjunction with the notes to the financial statements

Page intentionally left blank

Guidance Note: Consolidated Statement of Changes in Equity

AASB 101.106 provides a list of items to be presented on the face of the statement of changes in equity. It was amended by the 2010 Improvements to AASBs (i.e. Australian amending pronouncements AASB 2010-04 and 2010-05), which clarified that entities may present the required reconciliations for each component of other comprehensive income either (1) in the statement if changes in equity or (2) in the notes to the financial statements (AASB 101.106(d)(ii)and AASB 101.106A).

Consequently, these example financial statements now present the reconciliations for each component of other comprehensive income in the notes to the financial statements (see note 14). This reduces duplicated disclosures and presents more clearly the overall changes in equity.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2011

AASB 101.51 (d-e)		Notes	Other components of equity $'000	Retained earnings $'000	Total equity $'000
AASB 101.106(d)	Balance at 1 January 2010		(163)	381,414	381,251
AASB 101.106(d)(i)	Profit for the year		-	876	876
AASB 101.106(d)(ii)	Other comprehensive income	14	227	-	227
AASB 101.106(a)	Total comprehensive income for the year		227	876	1,103
AASB 101.106(d)	**Balance at 31 December 2010**		**64**	**382,290**	**382,354**
AASB 101.106(d)	Balance at 1 January 2011		64	382,290	382,354
AASB 101.106(d)(i)	Profit for the year		-	(6,489)	(6,489)
AASB 101.106(d)(ii)	Other comprehensive income	14	5,148	-	5,148
AASB 101.106(a)	Total comprehensive income for the year		5,148	(6,489)	(1,341)
AASB 101.106(d)	**Balance at 31 December 2011**		**5,212**	**375,801**	**381,014**

This statement should be read in conjunction with the notes to the financial statements

Page intentionally left blank

Guidance Note: Consolidated Statement of Cash Flows

This format illustrates the direct method of determining operating cash flows (AASB 107.18(a)). An entity may also determine the operating cash flows using the indirect method (AASB 107.18(b)).

Consolidated Statement of Cash Flows

For the year ended 31 December 2011

		Notes	2011	2010
AASB 101.51(c)				
AASB 101.51(d-e)			$'000	$'000
AASB 107.10	**Operating services**			
	Receipts from:			
	Donations and appeals		13,199	12,750
	Bequests		9,378	7,258
	Government grants		28,829	26,628
	Client contributions		3,958	4,150
	Sale of goods		56,994	57,445
	Dividend income		822	234
	Interest income		4,795	3,927
	Other income		1,586	2,219
	Payments to clients, suppliers and employees		(109,881)	(109,112)
	Net cash provided by operating activities	20	**9,680**	**5,499**
AASB 107.10	**Investing activities**			
	Purchase of property, plant and equipment		(19,125)	(24,836)
	Proceeds from disposals of property, plant and equipment		17,876	13,387
	Purchase of AFS investments		(143)	-
	Proceeds from disposals of AFS investments		3,000	-
	Net cash provided by/(used in) investing activities		**1,608**	**(11,449)**
AASB 107.10	**Financing activities**			
	Proceeds from bank loans		-	-
	Repayment of bank loans		-	-
	Net cash from (used in) financing activities		**-**	**-**
AASB 107.45	Net change in cash and cash equivalents		11,288	(5,950)
	Cash and cash equivalents, beginning of year		90,182	96,132
AASB 107.45	**Cash and cash equivalents, end of year**	13	**101,470**	**90,182**

This statement should be read in conjunction with the notes to the financial statements

Notes to the consolidated financial statements

1 Nature of operations

AASB 101.51 (a)
AASB 101.51 (b)

Grant Thornton CLEARR Example Ltd and subsidiaries' (the Group) principal activities were to supply material aid to needy people in the community. Such activities included accommodation care, family support services, child care, aged care, youth and employment services.

2 General information and statement of compliance

AASB 101.Aus 15.2 / Aus 15.4 / 16

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. A statement of compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) cannot be made due to the Group applying not-for-profit specific requirements contained in the Australian Accounting Standards.

AASB 101.138 (a)
AASB 101.138 (c)

Grant Thornton CLEARR Example Ltd is the Group's ultimate parent company. Grant Thornton CLEARR Example Ltd is a public company limited by guarantee incorporated and domiciled in Australia. The address of its registered office and its principal place of business is 55 Pitt Street, Sydney NSW, Australia.

AASB 101.51 (c)
AASB 110.17

The consolidated financial statements for the year ended 31 December 2011 (including comparatives) were approved and authorised for issue by the board of directors on 31 March 2012 (see note 29).

3 Changes in accounting policies

3.1 Overall Adoption of improvements to AASBs 2010 – AASB 2010-4 and 2010-5[2]

AASB 108.28 (a)
AASB 108.28 (c)

The AASB has issued *Improvements to AASBs 2010* which consists of AASB 2010-4 *Further amendments to Australian Accounting Standards arising from the Annual Improvements Project* and AASB 2010-5 *Amendments to Australian Accounting Standards*, and made several minor amendments to a number of AASBs. The only amendment relevant to the Group relates to AASB 101 *Presentation of Financial Statements*. The Group previously presented the reconciliations of each component of other comprehensive income in the statement of changes in equity. The Group now presents these reconciliations in the notes to the financial statements, as permitted by the amendment (see note 14). This reduces duplicated disclosures and presents more clearly the overall changes in equity. Prior period comparatives have been restated accordingly.

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group[3]

AASB 108.30
AASB 108.31

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group’s financial statements is provided below[4].

Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

---

2 The discussion of the initial application of AASBs needs to be disclosed only in the first financial statements after the new or revised rules have been adopted by the entity.

3 These example financial statements were published in November 2011 and take into account new and amended standards and interpretations published up to and including 31 August 2011. In practice, this note should reflect those new and amended standards and interpretations published up to the date the financial statements are authorised for issue. Refer to recent Grant Thornton Technical Accounting (TA) Alerts found on our website (www.grantthornton.com.au) to obtain an update to these.

4 Entities wishing to early adopt an accounting standard before its operative date must make a formal, written election to do so in accordance with CA 334(5) and disclose that fact in the notes. An example of such wording is “The Directors resolved to early adopt [Name of accounting standard] for the year ended 31 December 2011 in accordance with section 334(5) of the Corporations Act.”

AASB 9 *Financial Instruments* (effective from 1 January 2013) [5]

The AASB aims to replace AASB 139 *Financial Instruments: Recognition and Measurement* in its entirety. The replacement standard (AASB 9) is being issued in phases. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning 1 January 2013. Further chapters dealing with impairment methodology and hedge accounting are still being developed.

Management have yet to assess the impact that this amendment is likely to have on the financial statements of the Group. However, they do not expect to implement the amendments until all chapters of AASB 9 have been published and they can comprehensively assess the impact of all changes.

Consolidation Standards

A package of consolidation standards are effective for annual periods beginning or after 1 January 2013. Information on these new standards is presented below. The Group's management have yet to assess the impact of these new and revised standards on the Group's consolidated financial statements.

AASB 10 Consolidated Financial Statements (AASB 10)

AASB 10 supersedes AASB 127 Consolidated and Separate Financial Statements (AASB 127) and Interpretation 112 Consolidation – Special Purpose Entities. It revised the definition of control together with accompanying guidance to identify an interest in a subsidiary. However, the requirements and mechanics of consolidation and the accounting for any non-controlling interests and changes in control remain the same.

AASB 11 Joint Arrangements (AASB 11)

AASB 11 supersedes AASB 131 Interests in Joint Ventures (AASB 131). It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. In addition, AASB 131's option of using proportionate consolidation for joint ventures has been eliminated. AASB 11 now requires the use of the equity accounting method, which is currently used for investments in associates.

AASB 12 Disclosure of Interests in Other Entities (AASB 12)

AASB 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

Consequential amendments to AASB 127 and AASB 128 Investments in Associates and Joint Ventures (AASB 128)

AASB 127 now only deals with separate financial statements. AASB 128 brings investments in joint ventures into its scope. However, AASB 128's equity accounting methodology remains unchanged.

---

5 In August 2011, the IASB published a proposal to postpone the mandatory effective date until 1 January 2015. The proposals are open to comment until 21 October 2011.

AASB 13 Fair Value Measurement (AASB 13)

AASB 13 does not affect which items are required to be fair-valued, but clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It is applicable for annual periods beginning on or after 1 January 2013. The Group's management have yet to assess the impact of this new standard.

Amendments to AASB 101 Presentation of Financial Statements (AASB 101 Amendments)

The AASB 101 Amendments require an entity to group items presented in other comprehensive income into those that, in accordance with other AASBs: (a) will not be reclassified subsequently to profit or loss and (b) will be reclassified subsequently to profit or loss when specific conditions are met. It is applicable for annual periods beginning on or after 1 July 2012. The Group's management expects this will change the current presentation of items in other comprehensive income; however, it will not affect the measurement or recognition of such items.

Amendments to AASB 119 Employee Benefits (AASB 119 Amendments)

The AASB 119 Amendments include a number of targeted improvements throughout the Standard. The main changes relate to defined benefit plans. They:

- eliminate the 'corridor method', requiring entities to recognise all gains and losses arising in the reporting period
- streamline the presentation of changes in plan assets and liabilities
- enhance the disclosure requirements, including information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in them.

The amended version of AASB 119 is effective for financial years beginning on or after 1 January 2013. The Group's management have yet to assess the impact of this revised standard on the Group's consolidated financial statements.

4 Summary of accounting policies

4.1 Overall considerations

AASB 101.114 (b)
AASB 101.117 (b)

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below[6].

AASB 101.117 (a)

The consolidated financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

6 Disclosure of accounting policies shall reflect the facts and circumstances of the entity. In this set of example financial statements the accounting policies reflect the activities of the fictitious entity, Grant Thornton CLEARR Example Ltd and subsidiaries. The accounting policies should therefore in all cases be tailored to the facts and circumstances in place, which may prescribe that less extensive accounting policies are disclosed for the entity.

4.2 Basis of consolidation

AASB 101.117 (a)
AASB 101.117 (b)
AASB 127.41 (a)
AASB 127.41 (c)

The Group financial statements consolidate those of the parent company and all of its subsidiary undertakings drawn up to 31 December 2011. Subsidiaries are all entities over which the Group has the power to control the financial and operating policies. The Group obtains and exercises control through more than half of the voting rights. All subsidiaries have a reporting date of 31 December.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

4.3 Revenue

AASB 118.35 (a)

Revenue comprises revenue from the sale of goods, government grants, fundraising activities and client contributions. Revenue from major products and services is shown in note 5.

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied and services provided, excluding sales taxes, rebates, and trade discounts.

Revenue is recognised when the amount of revenue can be measured reliably, collection is probable, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Group's different activities have been met. Details of the activity-specific recognition criteria are described below.

AASB 101.117 (b)

Sale of goods

Revenue from the sale of goods comprises revenue earned from the sale of goods donated and purchased for resale. Sales revenue is recognised when the control of goods passes to the customer.

AASB 101.117 (b)

Government grants

A number of the Group's programs are supported by grants received from the federal, state and local governments. Grants are received on the condition that specified services are delivered, or conditions are fulfilled. Revenue is recognised as services are performed or conditions are fulfilled and at year-end a liability is recognised for those amounts where conditions are not satisfied.

Revenue from non-reciprocal grants that are not subject to conditions are recognised when the Group obtains control of the funds, economic benefits are probable and the amount of the donations can be measured reliably.

AASB 101.117 (b)

Client contributions

Fees charged for care or services provided to clients are recognised when the service is provided.

Donations and Bequests

AASB 101.117 (b)

Donations collected, including cash and goods for resale, are recognised as revenue when the Group gains control, economic benefits are probable and the amount of the donation can be measured reliably.

Bequests are recognised when the legacy is received. Revenue from legacies comprising bequests of shares or other property are recognised at fair value, being the market value of the shares or property at the date the Group becomes legally entitled to the shares or property.

AASB 118.30

Interest and dividend income

Interest income is recognised on an accrual basis using the effective interest method. Dividend income are recognised at the time the right to receive payment is established.

4.4 Operating expenses

AASB 101.117 (b)

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

4.5 Intangible assets

AASB 138.118 (a)
AASB 138.118 (b)

Recognition of other intangible assets

Acquired intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software.

Subsequent measurement

AASB 138.118 (a)
AASB 138.118 (b)

All intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in note 4.8. The following useful lives are applied:

- Software: 3-5 years

AASB 138.118 (d)

Amortisation has been included within depreciation and amortisation.

AASB 101.117 (b)

Subsequent expenditures on the maintenance of computer software and brand names are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

4.6 Property, plant and equipment

AASB 116.73 (a)
AASB 116.73 (b)
AASB 116.73 (c)
AASB 101.117 (a)

Land

Land held for use in production or administration is stated at re-valued amounts. Re-valued amounts are fair market values based on appraisals prepared by external professional valuers once every two years or more frequently if market factors indicate a material change in fair value.

Any revaluation surplus arising upon appraisal of land is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

AASB 116.73 (b)

As no finite useful life for land can be determined, related carrying amounts are not depreciated.

Buildings, plant and other equipment

AASB 116.73 (a)
AASB 101.117 (a)

Buildings, plant and other equipment (comprising fittings and furniture) are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management.

Buildings, plant and other equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

AASB 116.73 (b)
AASB 116.73 (c)

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of buildings, plant and other equipment. The following useful lives are applied:

- Buildings: 25-50 years
- Plant and equipment: 3-10 years
- Leasehold improvements: life of lease
- Computer hardware: 3 – 7 years
- Motor vehicles: 4-10 years
- Office equipment: 3 – 13 years.

In the case of leasehold property, expected useful lives are determined by reference to comparable owned assets or over the term of the lease, if shorter.

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

4.7 Leases

AASB 101.117 (a)
AASB 101.117 (b)

Operating leases

Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

4.8 Impairment testing of intangible assets and property, plant and equipment

AASB 101.117 (b)

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

AASB 101.122
AASB 101.117 (a)

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount..

4.9 Financial instrument

AASB 7.21
AASB 101.117 (b)

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

AASB 101.117 (b)

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

AASB 101.117 (a)

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at fair value through profit or loss (FVTPL)
- held-to-maturity (HTM) investments
- available-for-sale (AFS) financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

AASB 7.B5 (f)

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs or finance income, except for impairment of trade receivables which is presented within other expenses.

AASB 101.117 (a)
AASB 101.117 (b)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

AASB 7.B5 (f)

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

AASB 101.117 (a)
AASB 101.117 (b)
Also:
AASB 7.B5 (a)

Financial assets at FVTPL

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition.

AASB 7.B5 (e)

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

AASB 101.117 (a)
AASB 101.117 (b)

HTM investments

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as HTM if the Group has the intention and ability to hold them until maturity. The Group currently holds long term deposits designated into this category.

AASB 7.B5 (f)

HTM investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in profit or loss.

AASB 101.117 (a)
AASB 101.117 (b)
AASB 7.B5 (b)

AFS financial assets

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's AFS financial assets include listed securities.

AASB 101.117 (a)
AASB 101.117 (b)

All AFS financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the AFS reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method and dividends are recognised in profit or loss within 'revenue' (see note 4.3).

Reversals of impairment losses are recognised in other comprehensive income, except for financial assets that are debt securities which are recognised in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

AASB 101.117 (b)

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings and trade and other payable.

AASB 101.117 (a)

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in profit or loss.

AASB 101.117 (b)

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

4.10 Inventories

AASB 102.36 (a)
AASB 101.117 (a)

Inventories comprises goods for resale and goods for distribution at no or nominal consideration as part of the Group’s charitable activities. Inventories may be purchased or received by way of donation.

Goods for resale

Inventories of goods for resale are valued at the lower of cost and net realisable value. No value is ascribed to goods for resale that have been donated to the Group where fair value cannot be reliably determined. Net realisable value is the estimated selling price in the ordinary course of business, less any applicable selling expenses.

Goods held for distribution

Donated goods and goods purchased for nominal consideration held for distribution are initially recognised at their current replacement cost at date of acquisition. Inventories of goods purchased and held for distribution are initially recognised at costs. The cost of bringing each product to its present location and condition is determined on a first-in, first-out basis.

4.11 Income taxes

AASB 101.117 (a)
AASB 101.117 (b)

No provision for income tax has been raised as the Group is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997.

4.12 Cash and cash equivalents

AASB 107.46

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4.13 Reserves

AASB 101.79 (b)

Other components of equity include the following:

- Revaluation reserve - comprises gains and losses from the revaluation of land (see note 4.6)
- AFS financial assets reserves – comprises gains and losses relating to these types of financial instruments (see note 4.9)

Retained earnings includes all current and prior period retained profits.

4.14 Post-employment benefits and short-term employee benefits

AASB 101.117 (b)

The Group provides post-employment benefits through defined contribution plans.

Defined contribution plans

The Group pays fixed contributions into independent entities in relation to several state plans and insurance for individual employees. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that relevant employee services are received.

Short-term employee benefits

Short-term employee benefits, including annual leave entitlement, are current liabilities included in employee benefits, measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

Long-term employee benefits

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy the vesting requirements. Those cash outflows are discounted using the market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

4.15 Provisions, contingent liabilities and contingent assets

AASB 101.117 (a)

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

4.16 Deferred income

The liability for deferred income is the unutilised amounts of grants received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided or the conditions usually fulfilled within 12 months of receipt of the grant. Where the amount received is in respect of services to be provided over a period that exceeds 12 months after the reporting date or the conditions will only be satisfied more than 12 months after the reporting date, the liability is discounted and presented as non-current.

4.17 Goods and Services Tax (GST)

Interpretation 1031

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax 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 the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

4.18 Economic Dependence

The Group is dependent upon the ongoing receipt of Federal and State government grants and community and corporate donations to ensure the ongoing continuance of its programs. At the date of this report management has no reason to believe that this financial support will not continue.

4.19 Significant management judgement in applying accounting policies

AASB 101.122

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Estimation uncertainty

AASB 101.125

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Long Service Leave

The liability for long service leave is recognised and measured at the present value of the estimated cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

5 Revenue

AASB118.35(b)

The Group's revenue may be analysed as follows for each major product and service category:

		2011 $'000	2010 $'000
	Revenue		
AASB 118.35(b)(i)	Sale of goods	57,048	55,192
	Fundraising:		
	Individuals	21,632	19,152
	Charitable foundations	422	353
	Corporate donors	524	504
	Government grants	26,208	24,207
	Client contributions	3,958	4,151
	Investment income:		
	Interest	5,204	3,927
AASB 118.35(b)(ii)	Dividends	906	234
		115,902	**107,720**
	Other income		
	Net gain on disposal of property, plant & equipment	172	528
AASB 118.35(b)(ii)	Dividends	1,533	1,299
		1,705	**1,827**
	Total revenue	**117,607**	**109,547**

6 Other intangible assets

Details of the Group's other intangible assets and their carrying amounts are as follows:

		2011 $'000	2010 $'000
	Acquired software licences		
AASB 138.118	**Gross carrying amount**		
	Balance at 1 January 2011	2,793	2,772
AASB 138.118(e)(i)	Addition, separately acquired	43	21
AASB 138.118(e)(ii)	Disposals	-	-
	Balance at 31 December 2011	2,836	2,793
	Amortisation and impairment		
	Balance at 1 January 2011	(1,300)	(933)
AASB 138.118(e)(vi)	Amortisation	(382)	(367)
AASB 138.118(e)(iv)	Impairment losses	-	-
AASB 138.118(e)(ii)	Disposals	-	-
	Balance at 31 December 2011	(1,682)	(1,300)
	Carrying amount 31 December 2011	**1,154**	**1,493**

All amortisation are included within depreciation and amortisation.

7 Property, plant and equipment

Details of the Group's property, plant and equipment and their carrying amount are as follows:

		Land $'000	Buildings $'000	Plant & equipment $'000	Capital WIP $'000	Total $'000
	Gross carrying amount					
AASB 116.73(d)	Balance 1 January 2011	56,734	186,131	21,220	6,828	270,913
AASB 116.73(e)(i)	Additions	23	11,929	4,626	2,594	19,172
AASB 116.73(e)(ii)	Disposals	-	(8,954)	(2,433)	-	(11,387)
	Transfer	-	4,665	-	(4,665)	-
AASB 116.73(e)(iv)	Revaluation increase	5,000	-	-	-	5,000
AASB 116.73(d)	Balance 31 December 2011	61,757	193,771	23,413	4,757	283,698
	Depreciation and impairment					
AASB 116.73(d)	Balance 1 January 2011	-	(10,721)	(9,568)	-	(20,289)
AASB 116.73(e)(ii)	Disposals	-	302	1,375	-	1,677
AASB 116.73(e)(vii)	Depreciation	-	(3,039)	(3,003)	-	(6,042)
AASB 116.73(d)	Balance 31 December 2011	-	(13,458)	(11,196)	-	24,654
	Carrying amount 31 December 2011	**61,757**	**180,313**	**12,217**	**4,757**	**259,044**
	Gross carrying amount					
AASB 116.73(d)	Balance 1 January 2010	84,602	139,273	18,246	7,048	249,169
AASB 116.73(e)(i)	Additions	-	16,690	5,599	2,857	25,146
AASB 116.73(e)(ii)	Disposals	-	(777)	(2,625)	-	(3,402)
	Transfer	(27,868)	30,945	-	(3,077)	-
AASB 116.73(d)	Balance 31 December 2010	56,734	186,131	21,220	6,828	270,913
	Depreciation and impairment					
AASB 116.73(d)	Balance 1 January 2010	-	(8,252)	(8,155)	-	(16,407)
AASB 116.73(e)(ii)	Disposals	-	2	1,403	-	1,405
AASB116.73(e)(vii)	Depreciation	-	(2,471)	(2,816)	-	(5,287)
AASB 116.73(d)	Balance 31 December 2010	-	(10,721)	(9,568)	-	(20,289)
	Carrying amount 31 December 2010	**56,734**	**175,410**	**11,652**	**6,828**	**250,624**

AASB 116.77(a)
AASB 116.77(b)
AASB 116.77(c)
AASB 116.77(d)

The Group's land was re-valued on 23 October 2011 by independent valuers. The land was previously re-valued in October 2009. Fair values were estimated based on recent market transactions, which were then adjusted for specific conditions relating to the land.

AASB 116.77(e)
AASB 116.77(f)

If the cost model had been used, the carrying amounts of the re-valued land would be $56,757,000 (2010: $56,734,000).

AASB 136.126(a)
AASB 136.126(b)

All depreciation and impairment charges (or reversals if any) are included within 'depreciation and amortisation' and 'impairment of non-financial assets'.

AASB 116.74(c)

The Group has a contractual commitment to construct buildings of $2,750,000 payable in 2012 (2011: $2,500,000).

8 Leases

8.1 Operating leases as lessee

The Group's future minimum operating lease payments are as follows:

		Minimum lease payments due			
		Within 1 year	1 to 5 years	After 5 years	Total
		$'000	$'000	$'000	$'000
AASB 117.35(a)	31 December 2011	4,211	12,567	25,678	42,456
	31 December 2010	3,431	12,100	24,342	39,873

AASB 117.35(c)
AASB 117.35(b)

Lease expense during the period amount to $4,203,000 (2010: $3,899,000) representing the minimum lease payments.

AASB 117.35(d)

The property lease commitments are non-cancellable operating leases with lease terms of between one and five years. Increases in lease commitments may occur in line with CPI or market rent reviews in accordance with the agreements.

9 Financial assets and liabilities

9.1 Categories of financial assets and liabilities

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities:

		Notes	2011 $'000	2010 $'000
	Financial assets			
AASB 7.8(b)	HTM investments			
	Long-term deposits	9.2	3,100	6,100
AASB 7.8(d)	AFS financial assets			
	Securities	9.2	4,223	3,931
AASB 7.8(c)	Loans and receivables			
	Non-current			
	Trade and other receivables	11	12,233	27,509
	Current			
	Trade and other receivables	11	14,533	17,112
	Cash and cash equivalents	13	101,554	90,271
			128,320	134,892
	Financial liabilities			
AASB 7.8(f)	Financial liabilities measured at amortised cost:			
	Current:			
	Borrowings	18	85	89
	Trade and other payables	16	7,460	8,147
			7,545	8,236

AASB 7.27(a)
AASB 7.33

See note 4.9 for a description of the accounting policies for each category of financial instruments. Information relating to fair values are presented in the related notes. The methods used to measure fair value are described in note 9.3. A description of the Group's financial instrument risk, including risk management objectives and policies is given in note 24.

9.2 Other long-term financial assets

Other long-term financial assets include the following investments:

		2011	2010
		$'000	$'000
AASB 7.8(b)	HTM investments:		
	Long-term deposits	3,100	6,100
AASB 7.8(d)	AFS financial assets:		
	Securities	4,223	3,931
	Other long-term financial assets	**7,323**	**10,031**

AASB 7.7

Long-term deposits

HTM financial assets comprise long term deposits with fixed interest rates between 5.5 and 6.2%. They mature in 2012 and 2013. The carrying amounts, measured at amortised cost, and fair values of these financial assets are as follows:

		2011	2010
		$'000	$'000
AASB 7.8(b)	Carrying amount at amortised cost:		
	Long term deposits	3,100	6,100
	Fair value:		
AASB 7.25	Long term deposits	3,150	6,175

AASB 7.27(a)
AASB 7.27(b)

These long-term deposits bonds are held with reputable financial institutions and fair values are based upon the amount that is deposited with the institution at their reporting date.

AASB 7.36(a),(c)
AASB 7.IG23(a)

See note 24 for information on the Group's exposure to credit risk related to the long-term deposits.

Securities

The carrying amounts of AFS financial assets are as follows:

		2011	2010
		$'000	$'000
AASB 7.25 AASB 7.8(d)	Listed equity securities	4,223	3,931

These assets are stated at fair value. The equity securities are denominated in AUD and are publicly traded in Australia.

9.3 Financial instruments measured at fair value

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The hierarchy of the fair value measurement of the Group's financial assets and financial liabilities are as follows:

AASB 7.27B(a)

	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2011					
Assets					
Listed securities	a)	4,223	-	-	4,223
Net fair value		4,223	-	-	4,223
31 December 2010					
Assets					
Listed securities	a)	3,931	-	-	3,931
Net fair value		3,931	-	-	3,931

Measurement of fair value

AASB 7.27

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

a) Listed securities

AASB 7.27(a)
AASB 7.27(b)

Fair values have been determined by reference to their quoted bid prices at the reporting date.

10 Inventories

Inventories consist of the following:

AASB 101.77
AASB 101.78(c)
AASB102.36(b)

	2011 $'000	2010 $'000
At cost		
Inventory	877	833
At current replacement cost		
Donated inventory	140	136
Total	**1,017**	**969**

11 Trade and other receivables

AASB 101.77
AASB 101.78(b)

	2011	2010
	$'000	$'000
Current		
Trade receivables, gross	705	633
Provision for impairment	(75)	(57)
	630	576
Other receivables	1,009	516
GST receivable	672	742
Receivables due from related entities	12,222	15,278
	14,533	**17,112**
Non-current		
Other receivables	11	65
Receivables due from related entities	12,222	27,444
	12,233	**27,509**

AASB 7.25
AASB 7.29

All amounts are short-term, except for a portion of the receivable from related entities. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

AASB 101.60

The receivable due from ABC Charity relates to the remaining consideration due on the sale of an aged care facility in 2009.

AASB 7.37(b)

All of the Group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and an allowance for credit losses of $26,000 (2010: $3,000) has been recorded accordingly within other expenses. The impaired trade receivables are mostly due from customers in the business-to-business market that are experiencing financial difficulties.

AASB 7.16

The movement in the allowance for credit losses can be reconciled as follows:

AASB 7.16

Reconciliation of bad debt loss	2011	2010
	$'000	$'000
Balance 1 January	57	66
Amounts written off (uncollectable)	(8)	(12)
Impairment loss	26	3
Balance 31 December	75	57

An analysis of unimpaired trade receivables that are past due is given in note 24.2.

AASB 7.36(d)

The carrying amount of receivables whose terms have been renegotiated, that would otherwise be past due or impaired is $Nil (2010 and 2009: $Nil).

12 Other assets

Other assets consist the following:

	2011 $'000	2010 $'000
Current		
Prepayments	372	631
Accrued income	348	346
	720	**977**

13 Cash and cash equivalents

AASB 107.45 Cash and cash equivalents consist the following:

	2011 $'000	2010 $'000
Cash on hand	266	244
Cash at bank	15,559	15,948
Short term deposits	85,729	74,078
Cash and cash equivalents	**101,554**	**90,271**

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled in the statement of financial position as follows:

	Note	2011 $'000	2010 $'000
Cash and cash equivalents		101,554	90,271
Bank overdrafts	18	(85)	(89)
		101,469	**90,182**

14 Other components of equity

The details of other components of equity are as follows:

		Asset Revaluation Reserve	AFS financial assets reserve	Total
AASB 101.106(d)(i) AASB 101.106A	**Balance at 1 January 2010**	**-**	**(163)**	**(163)**
	Other comprehensive income for the year:			
AASB 7.20(a)(ii)	AFS financial assets:			
	- Current year gains	-	227	227
AASB 116.77(f)	Revaluation of land	-	-	-
AASB 101.91(b)	**Before tax**	**-**	**227**	**227**
AASB 101.90	Tax benefit (expense)	-	-	-
	Net of tax	**-**	**227**	**227**
	Balance at 31 December 2010	**-**	**64**	**64**

		Asset Revaluation Reserve	AFS financial assets reserve	Total
AASB 101.106(d)(i) AASB 101.106A	**Balance at 1 January 2011**	**-**	**64**	**64**
	Other comprehensive income for the year:			
AASB 7.20(a)(ii)	AFS financial assets:			
	- Current year gains	-	148	148
	- Reclassification to profit or loss	-	-	-
AASB 116.77(f)	Revaluation of land	5,000	**148**	**148**
AASB 101.91(b)	**Before tax**	**5,000**	-	-
AASB 101.90	Tax benefit (expense)	-	**148**	**148**
	Net of tax	**5,000**	**212**	**212**
	Balance at 31 December 2011	**5,000**	**64**	**64**

15 Employee remuneration

15.1 Employee benefits expense

Expenses recognised for employee benefits are analysed below:

		2011 $'000	2010 $'000
AASB 119.142	Wages, salaries	46,894	45,240
	Workers compensation insurance	1,762	1,838
AASB 119.46	Superannuation – defined contribution plans	4,314	4,157
	Employee benefit provisions	4,388	4,472
	Employee benefits expense	**57,360**	**55,708**

15.2 Employee benefits

The liabilities recognised for employee benefits consist of the following amounts:

	2011 $'000	2010 $'000
Non-current:		
- Long service leave	**1,308**	**1,063**
Current:		
- Annual leave	4,888	5,095
- Long service leave	2,072	1,865
	6,960	**6,960**

16 Trade and other payables

Trade and other payables recognised consist of the following:

	2011 $'000	2010 $'000
Current		
- Trade payables	2,340	3,645
- Other creditors and accruals	4,039	3,139
- Trusts funds	1,081	1,363
Total trade and other payables	**7,460**	**8,147**

AASB 7.25
AASB 7.27(a)
AASB 7.27(b)
AASB 7.29

All above liabilities are short-term. The carrying values are considered to be a reasonable approximation of fair value.

17 Other liabilities

Other liabilities can be summarised as follows:

	2011 $'000	2010 $'000
Deferred income	752	373
Other liabilities - current	**752**	**373**

Deferred income consists of government grants received in advance for services to be rendered by the Group. Deferred income is amortised over the life of the contract.

18 Borrowings

Borrowings consist of the following:

	2011 $'000	2010 $'000
Bank overdraft	85	89
Borrowings - current	**85**	**89**

19 Auditor remuneration

CA 300(11Ba) / (11Ca)

		2011 $'000s	2010 $'000s
	Audit services		
AASB 101Aus 138.2a	Auditors of Grant Thornton CLEARR Example Ltd – Grant Thornton		
	- Audit and review of Financial Report	102	116
	Other services		
AASB 101 Aus 138.2b	Auditors of Grant Thornton CLEARR Example Ltd – Grant Thornton		
	- Taxation compliance	76	67
	Total Auditor's remuneration	**178**	**183**

AASB 107 Aus 20.1

20 Reconciliation of cash flows from operating activities

	2011 $'000	2010 $'000
Cash flows from operating activities		
Net surplus/(deficit) for the period	(6,489)	876
Non-cash flows in operating surplus/(deficit):		
- Depreciation and amortisation	6,423	5,656
- Loss/(profit) on sales of property, plant and equipment	7,021	(297)
- Loan forgiveness	3,000	-
- Other	-	65
Net changes in working capital:		
Change in inventories	(47)	(144)
Change in trade and other receivables	(423)	910
Change in other assets	257	(108)
Change in trade and other payables	(686)	(1,565)
Change in other liabilities	379	(613)
Change in provisions	245	719
Net cash from operating activities	**9,680**	**5,499**

21 Related party transactions

AASB 124.18(g)

The Group's related parties include its key management personnel and related entities as described below.

AASB 124.17(b)(i)
AASB 124.17(B)(ii)

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

21.1 Transactions with related entities

On 6 March 2011, the Board agreed to partially forgive $3 million of the loan receivable owed by ABC Charity. This has been reflected as a forgiveness of debt within the statement of comprehensive income.

21.2 Transactions with key management personnel

AASB 124.18(f)

Key management of the Group are the executive members of Grant Thornton CLEARR's Board of Directors and members of the executive council. Key management personnel remuneration includes the following expenses:

		2011 $'000	2010 $'000
AASB 124.16(a)	Short term employee benefits	1,601	1,744
AASB 124.16(b)	Post-employment benefits	132	157
AASB 124.16(d)	Long-term employee benefits	123	140
	Total remuneration	**1,856**	**2,041**

AASB 124.17(a)
AASB 124.17(b)

The Group used the legal services of one director in the company and the law firm over which he exercises significant influence. The amounts billed were based on normal market rates and amounted to $21,000 (2010:$Nil). There were no outstanding balances at the reporting dates under review.

22 Contingent assets and contingent liabilities

AASB 137.86

There are no contingent liabilities that have been incurred by the Group in relation to 2011 or 2010.

23 Capital commitments

AASB 101 Aus 138.6

	2011	2010
	$'000	$'000
Within 12 months	3,061	11,065
Greater than 12 months and less than 5 years	-	6,700
Longer than 5 years	-	700
	3,061	18,465

Capital commitments are for construction of various buildings where funds have been committed but the work on buildings has not yet commenced.

24 Financial instrument risk

Risk management objectives and policies

AASB 101.114(d)(ii)
AASB 7.33

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in note 9.1. The main types of risks are market risk, credit risk and liquidity risk.

AASB 7.IG15

The Group's risk management is coordinated at its headquarters, in close cooperation with the board of directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

24.1 Market risk analysis

The Group is exposed to market risk through its use of financial instruments and specifically to interest rate risk and certain other price risks, which result from both its operating and investing activities.

Interest rate sensitivity

AASB 7.33(a)
AASB 7.33(b)

At 31 December 2011, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Group's investments in short and long term deposits all pay fixed interest rates.

AASB 7.40(b)
AASB 7.IG36
AASB 7.40(a)

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 0.50% (2010: +/- 0.50%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Profit for the year $'000		Equity $'000	
	+0.5%	-0.5%	+0.5%	-0.5%
31 December 2011	508	(508)	508	(508)
31 December 2010	410	(410)	410	(410)

Other price risk sensitivity

AASB 7.33(a)

The Group is exposed to other price risk in respect of its listed equity securities (see note 9.2).

AASB 7.40(a)
AASB 7.40(b)

For the listed equity securities, an average volatility of 20% has been observed during 2011 (2010: 18%). This volatility figure is considered to be a suitable basis for estimating how profit or loss and equity would have been affected by changes in market risk that were reasonably possible at the reporting date. If the quoted stock price for these securities increased or decreased by that amount, other comprehensive income and equity would have changed by $85,000 (2010: $62,000). The listed securities are classified as available-for-sale, therefore no effect on profit or loss would have occurred.

24.2 Credit risk analysis

AASB 7.33(a)
AASB 7.36(a)

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits, investment in bonds etc. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

AASB 7.34(a)

	2011	2010
Classes of financial assets -	$'000	$'000
Carrying amounts:		
Long-term deposits	3,100	6,100
Cash and cash equivalents	101,554	90,271
Trade and other receivables	26,766	44,621
	131,420	**140,992**

AASB 7.33(b)

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

AASB 7.36(c)

The Group's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

AASB 7.37(a)
AASB 7.IG28

Some of the unimpaired trade and other receivables are past due as at the reporting date. Information on financial assets past due but not impaired are as follows:

	2011 $'000	2010 $'000
Gross amount	26,766	44,621
Not more than 30 days	436	846
More than 30 days but not more than 60 days	27	177
More than 60 days but not more than 90 days	18	20
More than 90 days	135	97
Total	616	1,140

AASB 7.36(c)
AASB 7.IG23

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

AASB 7.36(c)

The credit risk for cash and cash equivalents and long-term deposits (HTM investments, see note 9.2) is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

AASB 7.36(a)
AASB 7.36(c)

The carrying amounts disclosed above are the Group's maximum possible credit risk exposure in relation to these instruments.

24.3 Liquidity risk analysis

AASB 7.33(a)
AASB 7.33(b)
AASB 7.39(c)

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring its forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

AASB 7.39(c)
AASB 7.B11F
AASB 7.IG31(c)
AASB 7.IG31(d)

The Group's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

AASB 7.B11E

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Group's existing cash resources and trade receivables (see note 9) significantly exceed the current cash outflow requirements. Cash flows from trade and other receivables are all contractually due within six months, except amount receivable from ABC Charity within 18 months.

As at 31 December 2011, the Group's financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

AASB 7.39(a)
AASB 7.B11

	Current		Non current	
31 December 2011	**Within 6 months $'000**	**6 to 12 months $'000**	**1 to 5 years $'000**	**Later than 5 years $'000**
Borrowings	85	-	-	-
Trade and other payables	7,460	-	-	-
Total	7,545	-	-	-

This compares to the maturity of the Group's financial liabilities in the previous reporting period as follows:

AASB 7.39(a)
AASB 7.B11

	Current		Non current	
31 December 2010	**Within 6 months $'000**	**6 to 12 months $'000**	**1 to 5 years $'000**	**Later than 5 years $'000**
Other bank borrowings	89	-	-	-
Trade and other payables	8,147	-	-	-
Total	8,236	-	-	-

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

25 Capital management policies and procedures

AASB 101.134

Management controls the capital of the Group to ensure that adequate cash flows are generated to fund its programs and that returns from investments are maximised. The Board and management ensures that the overall risk management strategy is in line with this objective.

The Group's capital consists of financial liabilities, supported by financial assets.

AASB 101.135(a)(i)-(iii)

Management effectively manages the Group's capital by assessing the Group's financial risk and responding to changes in these risks and in the market. These responses may include the consideration of debt levels. There have been no changes to the strategy adopted by management to control capital of the Group since the previous year.

26 Parent entity information

Information relating to Grant Thornton CLEARR Example Ltd ('the parent entity')

	2011 $'000	2010 $'000
Statement of financial position		
Current assets	56,816	40,220
Total assets	96,751	96,153
Current liabilities	5,942	5,979
Total liabilities	6,757	6,645
Retained earnings	89,994	89,508
Statement of comprehensive income		
Surplus for the year	486	134
Other comprehensive income	-	-
Total comprehensive income	486	134

The parent entity has capital commitments of $0.5m in relation to building improvements (2010:$Nil). Refer note 23 for further details of the commitment.

The parent entity has not entered into a deed of cross guarantee nor are there any contingent liabilities at the year end.

27 Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

28 Member's guarantee

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum $50 each towards meeting any outstanding obligations of the entity. At 31 December 2011, the total amount that members of the company are liable to contribute if the company wound up is $365,000 (2010:$365,000).

29 Authorisation of financial statements

AASB 110.17

The consolidated financial statements for the year ended 31 December 2011 (including comparatives) were approved by the board of directors on 31 March 2012.

B Smith (Board member 1)

S Murphy (Board member 2)

Directors' declaration

1. In the opinion of the directors of Grant Thornton CLEARR Example Ltd: CA 295(4)

   a the consolidated financial statements and notes of Grant Thornton CLEARR Example Ltd are in accordance with the Corporations Act 2001, including

      i. giving a true and fair view of its financial position as at 31 December 2011 and of its performance for the financial year ended on that date; and CA 295(4)(d)(ii)

      ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and CA 295(4)(d)(i)

   b there are reasonable grounds to believe that Grant Thornton CLEARR Example Ltd will be able to pay its debts as and when they become due and payable. CA 295(4)(c)

Signed in accordance with a resolution of the directors: CA 295(5)(a)

Dated at……………………[city]…………………day of………………2012 CA 295(5)(b)

__________________________[Director name] CA 295(5)(c)
Director

Independent Auditor's Report

Grant Thornton Audit Pty Ltd
ACN 130 913 594

Level 17, 383 Kent Street
Sydney NSW 2000
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W **www.grantthornton.com.au**

Independent Auditor's Report
To the Members of Grant Thornton CLEARR Example Limited

We have audited the accompanying financial report of Grant Thornton CLEARR Example Limited (the "Company"), which comprises the consolidated statement of financial position as at 31 December 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes to the financial report and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors responsibility for the financial report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to 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 Company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, 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.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

a the financial report of Grant Thornton CLEARR Example Limited is in accordance with the Corporations Act 2001, including:

   i giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the Corporations Regulations 2001.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A Archer
Director - Audit & Assurance

Sydney, 31 March 2012

Appendix A: Organising the income statement by function of expenses

AASB 101.99

AASB 101.99 allows an 'income statement' format analysing expenses using a classification based on either the nature of expenses (NOE) or based on the function of expenses (FOE) within the entity. This depends on management's assessment of which format provides information that is reliable and more relevant.

The NOE format is illustrated in the main body of the example consolidated financial statements. The FOE format is illustrated in this appendix. The example shows the 'income statement' separately, i.e. other comprehensive income shall be shown in addition to the income statement in a statement of comprehensive income (see the example in appendix B).

If the entity shows the statement of comprehensive income in one statement (see the main body of the example financial statements), the FOE format included in this appendix may replace the NOE format that is part of the statement of comprehensive income.

The FOE or NOE formats do not affect the presentation requirements for other comprehensive income. Only the 'income statement' is affected.

AASB 101.104

Presenting the income statement in the FOE format requires additional considerations:

- additional disclosures on the nature of certain expenses are required, including employee benefit expenses and depreciation, amortisation and impairment of non-financial assets

- the disclosures of the specific line items in the income statement where certain transactions or amounts are recognised (for example, see note 6, note 7 and note 15 of the example financial statements) should reflect the actual line items presented in the FOE income statement.

In addition, when an entity includes the analysis of profit or loss from discontinued operation in the notes to the financial statements, such information should be presented in the same format as the main income statement. This will facilitate a better understanding of the financial effects of the discontinued operations.

Consolidated Income Statement

For the year ended 31 December 2011

		Notes	2011	2010
AASB 101.51				
AASB 101.51(c)			$'000	$'000
AASB 101.51(d-e)				
AASB 101.82(a)	**Revenue**	5	115,902	107,720
AASB 101.85	Costs of sales		(37,268)	(35,360)
AASB 101.85	**Gross Profit**		**78,634**	**72,360**
AASB 101.85	Other income	5	1,706	1,827
AASB 101.85	Fundraising		(2,953)	(2,702)
AASB 101.85	People in need services		(25,901)	(25,644)
AASB 101.85	Homeless & mental health services		(32,717)	(30,586)
AASB 101.85	Transfers to related entities		(10,570)	(1,269)
AASB 101.85	Support services and administration		(14,686)	(13,110)
	Surplus/(deficit) before tax		**(6,487)**	**876**
AASB 101.82(d)	Tax expense	4.11	-	-
AASB 101.82(f)	**Surplus/(deficit) for the year**		**(6,487)**	**876**

Appendix B: Statement of comprehensive income presented in two statements

The main body in these example consolidated financial statements presents the statement of comprehensive income of **one** statement (see guidance note to the consolidated statement of comprehensive income).

In this appendix, the alternative of presenting the 'statement of comprehensive income' as **two** statements is presented (using the nature of expense method).

Disclosure requirements, however, remain unchanged (see guidance note to the consolidated statement of comprehensive income).

In general, the notes to the financial statements will need to be tailored so that they refer to the statement of comprehensive income and not the income statement, where appropriate. For example, tailoring is necessary to reflect that discontinued operations are shown as a separate line item in the statement of comprehensive income. However, it should be noted that the term profit or loss continues to apply.

The illustrative **two** statements of comprehensive income is shown on the next page.

Consolidated Income Statement

For the year ended 31 December 2011

		Notes	2011	2010
AASB 101.51(c)				
AASB 101.51(d-e)			$'000	$'000
AASB 101.82(a)	Revenue	5	115,902	107,720
AASB 101.85	Other income	5	1,705	1,827
AASB 101.85	Changes in inventories		48	148
AASB 101.85	Costs of material		(37,316)	(35,508)
AASB 101.85	Employee benefits expense	15.1	(57,360)	(55,708)
AASB 101.85	Depreciation and amortisation expense		(6,423)	(5,655)
AASB 101.85	Loss on sale of property, plant and equipment		(7,194)	(231)
AASB 101.85	Forgiveness of loan		(3,000)	-
AASB 101.85	Fundraising expenses		(2,953)	(2,702)
AASB 101.85	Other expenses		(9,898)	(9,015)
	Surplus/(deficit) before tax		**(6,489)**	**876**
AASB 101.82(d)	Tax expense	4.11	-	-
AASB.101.82(f)	**Surplus/(deficit) for the year**		**(6,489)**	**876**

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2011

		Notes	2011	2010
AASB 101.51(c)				
AASB 101.51(d-e)			**$'000**	**$'000**
AASB 101.82(f)	Surplus/(deficit) for the period		(6,489)	876
AASB.101.82(g)	**Other comprehensive income:**			
AASB.116.77(f)	Revaluation of land		5,000	-
	Available-for-sale financial assets:			
AASB 7.20(a)(ii)	Net changes in fair value of AFS financial assets, net of tax		148	227
	Other comprehensive income for the period, net of tax	**14**	**5,148**	**227**
	Total comprehensive income/(loss) for the period		**(1,340)**	**1,103**

Appendix C: Statement of Cash Flows presented using the indirect method

As permitted by AASB 107 Statement of Cash flows paragraph 18 an entity may report cash flows from operating activities using either:

a) the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed; or

b) the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

Entities are encouraged to report cash flows from operating activities using the direct method. The direct method provides information which may be useful in estimating future cash flows and which is not available under the indirect method.

The main body in these example consolidated financial statements presents the statement of cash flows using the direct method.

In this appendix, the alternative of using the indirect method is presented.

Consolidated Statement of Cash Flows

For the year ended 31 December 2011

		Notes	2011	2010
AASB 101.51(c) AASB 101.51(d-e)			$'000	$'000
AASB 107.10	**Operating services**			
	Net surplus/(deficit) for the period		(6,489)	876
	Non-cash flows in operating surplus/(deficit):			
	- Depreciation and amortisation		6,423	5,656
	- Loss/(profit) on sales of property, plant and equipment		7,021	(297)
	- Loan forgiveness		3,000	-
	- Other		-	65
	Net changes in working capital		(275)	(801)
	Net cash provided by operating activities		**9,680**	**5,499**
AASB 107.10	**Investing activities**			
	Purchase of property, plant and equipment		(19,125)	(24,836)
	Proceeds from disposals of property, plant and equipment		17,876	13,387
	Purchase of AFS investments		(143)	-
	Proceeds from disposals of AFS investments		3,000	-
	Net cash provided by/(used in) investing activities		**1,608**	**(11,449)**
AASB 107.10	**Financing activities**			
	Proceeds from bank loans		-	-
	Repayment of bank loans		-	-
	Net cash from (used in) financing activities		**-**	**-**
AASB 107.45	Net change in cash and cash equivalents		11,288	(5,950)
	Cash and cash equivalents, beginning of year		90,182	96,132
AASB 107.45	**Cash and cash equivalents, end of year**	13	**101,470**	**90,182**

Grant Thornton