Example Not-for-Profit RDR Consolidated Financial Statements

International Financial Reporting Standards (IFRS)

Grant Thornton CLEARR RDR Example Ltd

31 December 2012

Page left intentionally blank

Introduction

Example Not-for-Profit (NFP) RDR Financial Statements 2012

Welcome to the December 2012 edition of NFP RDR *Example Financial Statements*.

The preparation of financial statements in accordance with Australian Accounting Standards [International Financial Reporting Standards as adopted in Australia] has involved relatively little change over the last two years. However, preparers need to be wary of the next oncoming wave of changes currently unfolding in the next few years with the completion of the various convergence projects between the International Accounting Standards Board (IASB) and Financial Accounting Standards Board (FASB). These include the new standards on consolidation, joint arrangements and fair value measurement which apply mandatorily for annual reporting periods beginning on or after 1 January 2013.

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 (Technical Accounting Alerts [TA Alerts] and Emerging Issues Accounting Alerts [EI Alerts]) on our website www.grantthornton.com.au which provide an overview of these developments.

The December 2012 edition of NFP RDR *Example Financial Statements* is based on the recent Grant Thornton International publication, however has been tailored to the Australian NFP, Reduced Disclosure Requirements (RDR) and regulatory environment. This publication is intended to illustrate the 'look and feel' of NFP RDR financial statements and to provide a realistic example of their presentation.

This publication is based on the activities and results of Grant Thornton CLEARR RDR Example Ltd and subsidiaries (the Group) - a fictional unlisted public not for profit entity that has been preparing Australian general purpose financial statements for several years. The entity is a company limited by guarantee. The form and content of Australian general purpose financial statements depend of course on the activities and transactions of each reporting entity. Our objective in preparing *Example Financial Statements* 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.

These *Example Financial Statements* have been reviewed and updated to reflect changes in AASBs that are effective for the year ending 31 December 2012. However, no account has been taken of any new developments published after **30 October 2012**. Grant Thornton website contains any updates that are relevant for 31 December 2012 financial statements.

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 Australian general purpose financial statements.

Andrew Archer
National Head of Audit & Assurance
Grant Thornton Australia Ltd
November 2012

Contents

		Page
Directors' Report		6
Auditor's Independence Declaration		10
Consolidated Statement of Financial Position		12
Consolidated Statement of Comprehensive Income		15
Consolidated Statement of Changes in Equity		18
Consolidated Statement of Cash Flows		21
Notes to the Consolidated Financial Statements		
	1. General Information and Statement of Compliance	22
	2. Changes in Accounting Policies	22
	3. Summary of Accounting Policies	23
	4. Revenue	32
	5. Intangible Assets	32
	6. Property, Plant and Equipment	33
	7. Leases	34
	8. Financial Assets and Liabilities	34
	9. Inventories	36
	10. Trade and Other Receivables	36
	11. Other Assets	37
	12. Cash and Cash Equivalents	37
	13. Reserves	37
	14. Employee Remuneration	38
	15. Trade and Other Payables	39
	16. Other Liabilities	39
	17. Borrowings	39
	18. Related Party Transactions	39
	19. Contingent Assets and Contingent Liabilities	40
	20. Capital Commitments	40
	21. Parent Entity Information	40
	22. Post-Reporting Date Events	41
	23. Members' Guarantee	41

	Page
Directors' Declaration	42
Independent Auditor's Report	43
Appendix A: Organising the income statement by function of expenses	45
Appendix B: Statement of comprehensive income presented in two statements	47
Appendix C: Statement of cash flows presented using the indirect method	50

Page left intentionally blank

Directors' Report

The Directors of Grant Thornton CLEARR RDR 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 2012 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 2006

Blake 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 2009

Simon has broad international corporate experience as CEO 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 2004

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)

Chief Executive Officer
Director since 2008

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.

Mr William Middleton
BEc, FCA

Appointed 28 May 2012

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 firm.

CA 300(10)(d)

Company secretary

Nick Morgan is a Chartered Accountant and the Group Chief Financial Officer. Nick has held senior positions with a number of professional accounting firms and has a degree in Commerce. Nick has been the company secretary of Grant Thornton CLEARR for four years.

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:
Column A is the number of meetings the Director was entitled to attend
Column 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 2012, the total amount that members of the company are liable to contribute if the company wound up is $365,000 (2011:$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 10 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 2013

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 RDR 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 RDR Example Ltd for the year ended 31 December 2012, 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

AB Partner
Partner – Audit & Assurance

Sydney, 31 March 2013

Guidance Note: Consolidated Statement of Financial Position

The statement of financial position complies with AASB 101 *Presentation of Financial Statements*.

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).

These *Example Financial Statements* use the terminology in AASB 101, however an entity may use other titles (e.g. balance sheet) for the primary financial statements (AASB 101.10).

Consolidated Statement of Financial Position

as at 31 December 2012

		Notes	2012	2011
AASB 101.51(c)	**Assets**			
AASB 101.51(d-e)			**$'000**	**$'000**
AASB 101.60, AASB 101.66	**Current**			
AASB 101.54(g)	Inventories	9	1,017	969
AASB 101.54(h)	Trade and other receivables	10	14,533	17,112
AASB 101.54(d)	Other assets	11	720	977
AASB 101.54(i)	Cash and cash equivalents	12	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	10	12,233	27,509
AASB 101.54(a)	Property, plant and equipment	6	259,045	250,623
AASB 101.54(c)	Intangible assets	5	1,154	1,493
AASB 101.54(d)	Other financial assets	8.2	7,323	10,032
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	14.2	6,960	6,960
AASB 101.54(k)	Trade and other payables	15	7,460	8,147
	Other liabilities	16	752	373
AASB 101.54(m)	Borrowings	17	85	89
AASB 101.55	Current liabilities		15,257	15,569
AASB 101.60, AASB 101.69	**Non-current**			
AASB 101.54(l)	Provisions	14.2	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	Reserves	13	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*, 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 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 13).

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2012

		Notes	2012	2011
AASB 101.51(c) AASB 101.51(d-e)			**$'000**	**$'000**
AASB 101.82(a)	Revenue	4	115,902	107,720
AASB 101.85	Other income	4	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	14.1	(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		(2,952)	(2,702)
AASB 101.85	Other expenses		(9,898)	(9,015)
	Surplus/(deficit) before tax		**(6,488)**	**876**
AASB 101.82(d)	Tax expense	3.11	-	-
AASB.101.82(f)	**Surplus/(deficit) for the year**		**(6,488)**	**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	**13**	**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 13). 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 2012

AASB 101.51 (d-e)		Notes	Reserves $'000	Retained earnings $'000	Total equity $'000
AASB 101.106(d)	Balance at 1 January 2011		(163)	381,414	381,251
AASB 101.106(d)(i)	Profit for the year		-	876	876
AASB 101.106(d)(ii)	Other comprehensive income	13	227	-	227
AASB 101.106(a)	Total comprehensive income for the year		227	876	1,103
AASB 101.106(d)	**Balance at 31 December 2011**		**64**	**382,290**	**382,354**
AASB 101.106(d)	Balance at 1 January 2012		64	382,290	382,354
AASB 101.106(d)(i)	Profit for the year		-	(6,488)	(6,489)
AASB 101.106(d)(ii)	Other comprehensive income	13	5,148	-	5,148
AASB 101.106(a)	Total comprehensive income for the year		5,148	(6,488)	(1,340)
AASB 101.106(d)	**Balance at 31 December 2012**		**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 2012

		Notes	2012	2011
AASB 101.51(c)				
AASB 101.51(d-e)			$'000	$'000
AASB 107.10	**Operating activities**			
	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		**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**	12	**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 General information and statement of compliance

AASB 127.12
AASB 127.43(a)

The financial report includes the consolidated financial statements and notes of Grant Thornton CLEARR RDR Example Pty Ltd and controlled entities ('consolidated group' or 'Group').

AASB 101.112(a)

The Group has elected to early adopt the Australian Accounting Standards – Reduced Disclosure Requirements (established by AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*). The Group has also early adopted the following RDR amendments on the basis that such amendments relate to Australian Accounting Standards applicable mandatorily for the financial years ending 31 December 2012:

- AASB 2011–2 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements*; and
- AASB 2011–6 *Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements.*

AASB 1054.RDR7.1
AASB 1054.8
AASB 1054.9

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001*. Grant Thornton CLEARR Example Ltd is a not-for-profit entity for the purpose of preparing the financial statements.

AASB 101.51 (c)
AASB 110.17

The consolidated financial statements for the year ended 31 December 2012 were approved and authorised for issue by the board of directors on 31 March 2013.

2 Changes in accounting policies

2.1 AASB 2010-8 *Amendments to Australian Accounting Standard – Deferred Tax: Recovery of Underlying Assets* (Effective for annual reporting periods beginning on or after 1 January 2012)[1]

AASB 108.28 (a)
AASB 108.28 (c)

AASB 2010-8 provides clarification on the determination of deferred tax assets and deferred tax liabilities when investment property is measured using the fair value model in AASB 140 *Investment Property*. It introduces a rebuttable presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model where the objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

---

[1] 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.

AASB 2010-8 also includes the requirement that the measurement of deferred tax assets and deferred tax liabilities on non-depreciable assets measured using the revaluation model in AASB 116 *Property, Plant and Equipment* should always be based on recovery through sale.

These amendments have had no impact on the Group.

3 Summary of accounting policies

3.1 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[2].

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.

3.2 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 2012. 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.

3.3 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 4.

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

---

2 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 RDR 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.

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.

AASB 1004.14

If conditions are attached to a grant which must be satisfied before the Group is eligible to receive the contribution, recognition of the grant as revenue is deferred until those conditions are satisfied.

Where a grant is received on the condition that specified services are delivered, to the grantor, this is considered a reciprocal transaction. Revenue is recognised as services are performed and at year-end until the service is delivered.

Revenue from a non-reciprocal grant that is not subject to conditions is recognised when the Group obtains control of the funds, economic benefits are probable and the amount can be measured reliably. Where a grant may be required to be repaid if certain conditions are not satisfied, a liability is recognised at year end to the extent that conditions remain unsatisfied.

Where the Group receives a non-reciprocal contribution of an asset from a government or other party for no or nominal considerations, the asset is recognised at fair value and a corresponding amount of revenue is recognised.

AASB 101.117 (b)

Client contributions

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

AASB 101.117 (b)

Donations and Bequests

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.

3.4 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.

3.5 Intangible assets

Recognition of other intangible assets

AASB 138.118 (a)
AASB 138.118 (b)

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 3.8. 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.

3.6 Property, plant and equipment

Land

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

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.

3.7 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.

3.8 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.

Where the future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of the asset.

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.

3.9 Financial instruments

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 3.3).

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.

3.10 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.

3.11 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*.

3.12 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.

3.13 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 3.6)
- AFS financial assets reserves – comprises gains and losses relating to these types of financial instruments (see Note 3.9)

Retained earnings includes all current and prior period retained profits.

3.14 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.

3.15 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.

3.16 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.

3.17 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.

3.18 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.

3.19 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.

4 Revenue

AASB118.35(b)

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

		2012 $'000	2011 $'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)	Rent	1,533	1,299
		1,705	**1,827**
		117,607	**109,547**

5 Intangible assets

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

		2012 $'000
	Acquired software licences	
AASB 138.118	**Gross carrying amount**	
	Balance at 1 January 2012	2,793
AASB 138.118(e)(i)	Addition, separately acquired	43
AASB 138.118(e)(ii)	Disposals	-
	Balance at 31 December 2012	2,836
	Amortisation and impairment	
	Balance at 1 January 2012	(1,300)
AASB 138.118(e)(vi)	Amortisation	(382)
AASB 138.118(e)(iv)	Impairment losses	-
AASB 138.118(e)(ii)	Disposals	-
	Balance at 31 December 2012	(1,682)
	Carrying amount 31 December 2012	**1,154**

All amortisation are included within depreciation and amortisation.

6 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 2012	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 2012	61,757	193,771	23,413	4,757	283,698
	Depreciation and impairment					
AASB 116.73(d)	Balance 1 January 2012	-	(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 2012	-	(13,458)	(11,196)	-	24,654
	Carrying amount 31 December 2012	**61,757**	**180,313**	**12,217**	**4,757**	**259,044**

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 2012 by independent valuers. The land was previously re-valued in October 2010. Fair values were estimated based on recent market transactions, which were then adjusted for specific conditions relating to the land.

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 2013 (2012: $2,500,000).

7 Leases

7.1 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 2012	4,211	12,567	25,678	42,456
	31 December 2011	3,431	12,100	24,342	39,873

AASB 117.35(d) Lease expense during the period amount to $4,203,000 (2011: $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.

8 Financial assets and liabilities

8.1 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	2012 $'000	2011 $'000
	Financial assets			
AASB 7.8(b)	HTM investments			
	Long-term deposits	8.2	3,100	6,100
AASB 7.8(d)	AFS financial assets			
	Securities	8.2	4,223	3,931
AASB 7.8(c)	Loans and receivables			
	Non-current			
	Trade and other receivables	10	12,233	27,509
	Current			
	Trade and other receivables	10	14,533	17,112
	Cash and cash equivalents	12	101,554	90,271
			128,320	134,892
	Financial liabilities			
AASB 7.8(f)	Financial liabilities measured at amortised cost:			
	Current:			
	Borrowings	17	85	89
	Trade and other payables	15	7,460	8,147
			7,545	8,236

AASB 7.21
RDR AASB 7.27.1

See Note 3.9 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 8.3.

8.2 Other long-term financial assets

Other long-term financial assets include the following investments:

		2012	2011
		$'000	**$'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 2013 and 2014. The carrying amounts, measured at amortised cost of these financial assets are as follows:

		2012	2011
		$'000	**$'000**
AASB 7.8(b)	Carrying amount at amortised cost:		
	Long term deposits	3,100	6,100

RDR AASB 7.27.1

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.

Securities

The carrying amounts of AFS financial assets are as follows:

		2012	2011
		$'000	**$'000**
AASB 7.8(d)	Listed equity securities	4,223	3,931

RDR AASB 7.27.1

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

8.3 Financial instruments measured at fair value

Measurement of fair value

RDR AASB 7.27.1

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

Listed securities

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

9 Inventories

Inventories consist of the following:

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

	2012 $'000	2011 $'000
At cost		
Inventory	877	833
At current replacement cost		
Donated inventory	140	136
Total	**1,017**	**969**

10 Trade and other receivables

AASB 101.77
AASB 101.78(b)

	2012 $'000	2011 $'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 101.60 The receivable due from ABC Charity relates to the remaining consideration due on the sale of an aged care facility in 2010.

AASB 7.20(e) 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 (2011: $3,000) has been recorded accordingly within other expenses.

AASB 7.16 The movement in the allowance for credit losses can be reconciled as follows:

AASB 7.16

Reconciliation of bad debt loss	2012 $'000	2011 $'000
Balance 1 January	57	66
Amounts written off (uncollectable)	(8)	(12)
Impairment loss	26	3
Balance 31 December	**75**	**57**

11 Other assets

Other assets consist the following:

	2012 $'000	2011 $'000
Current		
Prepayments	372	631
Accrued income	348	346
	720	**977**

12 Cash and cash equivalents

AASB 107.45 Cash and cash equivalents consist the following:

	2012 $'000	2011 $'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	2012 $'000	2011 $'000
Cash and cash equivalents		101,554	90,271
Bank overdrafts	17	(85)	(89)
		101,469	**90,182**

13 Reserves

The details of reserves are as follows:

		Asset Revaluation Reserve	AFS financial assets reserve	Total
AASB 101.106(d)(ii)				
AASB 101.106A	**Balance at 1 January 2012**	**-**	**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**	**5,148**
AASB 101.91(b)	**Before tax**	**5,000**	-	5,148-
	Tax benefit (expense)	-	**148**	**148**
	Net of tax	**5,000**	**212**	**5,212**
	Balance at 31 December 2012	**5,000**	**212**	**5,212**

		Asset Revaluation Reserve	AFS financial assets reserve	Total
AASB 101.106(d)(ii) AASB 101.106A	**Balance at 1 January 2011**	**-**	**(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**
	Tax benefit (expense)	-	-	-
	Net of tax	**-**	**227**	**227**
	Balance at 31 December 2011	**-**	**64**	**64**

14 Employee remuneration

14.1 Employee benefits expense

Expenses recognised for employee benefits are analysed below:

		2012 $'000	2011 $'000
AASB 119.142	Wages, salaries	46,894	45,240
	Workers compensation insurance	1,764	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**

14.2 Employee benefits

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

	2012 $'000	2011 $'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**

15 Trade and other payables

Trade and other payables recognised consist of the following:

	2012 $'000	2011 $'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**

16 Other liabilities

Other liabilities can be summarised as follows:

	2012 $'000	2011 $'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.

17 Borrowings

Borrowings consist of the following:

	2012 $'000	2011 $'000
Bank overdraft	85	89
Borrowings - current	**85**	**89**

18 Related party transactions

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

AASB 124.18(b)(i)
AASB 124.18(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.

AASB 124.19(g)

18.1 Transactions with related entities

On 6 March 2012, 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.

18.2 Transactions with key management personnel

AASB 124.19(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:

		2012	2011
		$	**$**
AASB 124.17	Total key management personnel remuneration	**1,856,000**	**2,041,000**

AASB 124.18(a)
AASB 124.18(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 $21,000 (2011:$Nil). There were no outstanding balances at the reporting dates under review.

19 Contingent assets and contingent liabilities

AASB 137.86

There are no contingent liabilities that have been incurred by the Group in relation to 2012 or 2011.

20 Capital commitments

		2012	2011
		$'000	**$'000**
AASB 116.74(c)	Property, plant and equipment	1,304	190
AASB 138.122(e)	Intangible assets	97	-
		1,401	**190**

Capital commitments relate to items of plant and IT equipment where funds have been committed but the assets not yet received.

CR 2M.3.01(1)

21 Parent entity information

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

	2012	2011
	$'000	**$'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 $0.5m in relation to building improvements (2011:$Nil).

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

22 Post-reporting date events

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

23 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 2012, the total amount that members of the company are liable to contribute if the company wound up is $365,000 (2011:$365,000).

Directors’ declaration

1. In the opinion of the directors of Grant Thornton CLEARR RDR 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 2012 and of its performance for the financial year ended on that date; and CA 295(4)(d)(ii)

    ii. complying with Australian Accounting Standards-Reduced Disclosure Requirements (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)

Director .... CA 295(5)(c)
Blake Smith

Dated this 31st day of March 2013 CA 295(5)(b)

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 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies, other explanatory information and the directors' declaration of the Company and 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require 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 of the financial report that gives a true and fair view 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Grant Thornton CLEARR Example Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Auditor's opinion

In our opinion, the financial report of Grant Thornton CLEARR Example Limited is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

AB Partner
Director - Audit & Assurance

Sydney, 31 March 2013

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 5, Note 6 and Note 14 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 2012

		Notes	2012	2011
AASB 101.51				
AASB 101.51(c)			$'000	$'000
AASB 101.51(d-e)				
AASB 101.82(a)	**Revenue**	4	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	4	1,705	1,827
AASB 101.85	Fundraising		(2,952)	(2,702)
AASB 101.85	People in need services		(25,901)	(25,644)
AASB 101.85	Homeless & mental health services		(32,716)	(30,586)
AASB 101.85	Transfers to related entities		(10,570)	(1,269)
AASB 101.85	Support services and administration		(14,688)	(13,110)
	Surplus/(deficit) before tax		**(6,488)**	**876**
AASB 101.82(d)	Tax expense	3.11	-	-
AASB 101.82(f)	**Surplus/(deficit) for the year**		**(6,488)**	**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 2012

		Notes	2012	2011
AASB 101.51(c)				
AASB 101.51(d-e)			$'000	$'000
AASB 101.82(a)	Revenue	4	115,902	107,720
AASB 101.85	Other income	4	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	14.1	(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		(2,952)	(2,702)
AASB 101.85	Other expenses		(9,898)	(9,015)
	Surplus/(deficit) before tax		**(6,488)**	**876**
AASB 101.82(d)	Tax expense	3.11	-	-
AASB.101.82(f)	**Surplus/(deficit) for the year**		**(6,488)**	**876**

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2012

		Notes	2012	2011
AASB 101.51(c)				
AASB 101.51(d-e)			**$'000**	**$'000**
AASB 101.82(f)	Surplus/(deficit) for the period		(6,488)	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	**13**	**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 2012

		Notes	2012	2011
AASB 101.51(c) AASB 101.51(d-e)			$'000	$'000
AASB 107.10	**Operating services**			
	Net surplus/(deficit) for the period		(6,488)	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		(19,126)	(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		**1,607**	**(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		11,287	(5,950)
	Cash and cash equivalents, beginning of year		90,182	96,132
AASB 107.45	**Cash and cash equivalents, end of year**	12	**101,469**	**90,182**