RSL Care Limited as Trustee for RSL QLD War Veterans' Homes Trust

Directors' Report

The Directors of RSL Care Limited ACN 010 488 454 (**Company**), the Trustee for RSL QLD War Veterans' Homes Trust (**Trust**), present their report on the Trust for the year ended 30 June 2013 and the Independent Auditor's Report thereon.

Legal Structure

RSL Care Limited was incorporated on 21 December 1983 as a public company limited by guarantee. It was established to act as Trustee of the Trust under a Deed of Trust dated 13 December 1983. The Trust provides ex-service men and women, their dependants and other members of the community with accommodation, care and services. The Company conducts the Trust business under the name "RSL Care".

The Company does not carry on business in its individual capacity.

Review of Operations

The operations of the Trust are reviewed in the Chairman's Report and the CEO's Report.

Operating Result

The Trust's operating deficit for the year was $21,988,000 as compared to a prior year deficit of $11,973,000. This result is again considered abnormal and reflects the continued reduction in value of the property market over the last year. It is important to have regard to the following notable items which contributed to the result:

	2013 $'000	2012 $'000
Fair value increments (decrements) on retirement village assets	(37,983)	(12,158)
Resident share of the increment (decrement) in retirement village fair value capital gain	8,543	1,420
(Provision)/reversal of provision for onerous contract	2,652	(2,652)
Flood costs incurred not covered by insurance	(1,356)	-
Total	**(28,144)**	**(13,390)**

Excluding the financial effect of the above items, the adjusted operating result was a surplus for the year of $6,156,000 compared to an adjusted prior year surplus of $1,417,000.

The Company and Trust are exempted from payment of income tax given the Trust's focus on providing aged care and retirement living solutions to returned services personnel, their families and older Australians irrespective of their personal circumstances.

Going Concern

The Statement of Financial Position discloses total current assets of $66,339,000 and total current liabilities of $683,786,000. This largely arises because resident loans and accommodation bonds, totalling $651,416,000, are classified in full as a current liability, whereas the assets to which the loans and bonds relate (land, buildings and retirement village assets), are classified as non-current assets. Resident loans and accommodation bonds are classified as a current liability because the Trust does not have an unconditional right to defer settlement of resident loans or accommodation bonds for at least 12 months after the reporting period. In practice, the rate at which residents vacate their retirement village units and their aged care accommodation can be estimated. Given that our resident profile is generally consistent with prior periods, these prior periods provide a reliable estimate of future payment trends. As noted in the cash flows from financing activities, $97,938,000 of resident loans and accommodation bonds were refunded during the year. These refunded loans were replaced by incoming contributions (including accommodation bonds) of $134,355,000. In each of the last four financial years incoming contributions have significantly exceeded the value of refunded resident loans and accommodation bonds. This trend is expected to continue in the following 12 months.

In addition, the Trustee has a liquidity management strategy in place that requires available liquidity to be in excess of 10% of the total accommodation bond liability, to ensure that refunds can be paid as and when they fall due. Liquidity is monitored at least on a monthly basis and cash flow forecasts are prepared on at least a monthly basis to ensure that the liquidity management strategy is adhered to.

After considering all available current information, the Directors have concluded that there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they fall due and payable and the basis of preparation of the financial report on a going concern basis is appropriate.

Principal Activities and Objectives

The principal activities of the Trust during the financial year have been the provision of accommodation, care and services to ex-service men and women, their dependants and other members of the community. There have been no significant changes in the nature of these activities during the financial year.

The Trust's short and long term objective is to pursue the charitable objects of the Trust for the benefit of the defined beneficiaries of the Trust – ex-service men and women, their dependants and other deserving members of the broader Australian community.

To achieve this objective and to respond to the longer term market and public policy changes in aged services, the Trust has commenced a transformational change program. The objective of the program is to deliver sustainable improvements to:

- capability (people and culture);
- efficiency and quality (process and systems); and
- customer satisfaction (consumer focus).

The outcome of the program is expected to improved commercial opportunity and surplus income for reinvestment in our platform.

The design for our business transformation spans three frames or horizons. We are focused on short term efficiency and delivering greater value from our current platform. We are investing in innovation and design to deliver sustainable growth and thereby grow our charitable impact. Finally, we are creating new business models that are expected to be capable of sustaining ongoing growth and expansion of our business into new categories and markets consistent with our charter.

Within this strategic and balanced approach all programs and projects of work are prioritised to deliver measurable benefits and value to our beneficiaries and to the communities in which they live.

The Trust measures its performance through a suite of key performance indicators and benchmarks set at the Governance, Executive Leadership Team and Organisational Management levels.

Aged care licences, retirement village units and community care

At year end the Trust's operations included the following:-

Aged care licences	
High care	973
Low care	965
Special care	366
Flexible care	856
Total	**3,160**

Retirement village units	
Equity funded	1,650
Rental	183
Concessional	37
Total	**1,870**

Additionally, the Trust has provided services to more than 7,730 other clients via its various community care programs and provides Veterans' Home Care assessment and co-ordination to over 11,300 clients.

Directors and Secretaries

Listed below are the details of Directors in office at any time during or since the end of the financial year, their qualifications, experience and special responsibilities. Unless otherwise stated, Directors have been in office since the start of the financial year.

Mr Pat McIntosh AM CSC

- Chairman of the Board
- Member, Finance and Audit Committee
- Member, Strategy and Capital Committee
- Retired from Australian Army, Commissioned Officer (27 years) service
- Graduate of Australian Defence College
- Master of Business Administration
- Graduate Diploma in Management
- Bachelor of Business (Accounting and Personnel Management)
- Diploma of Company Directing
- Diploma of Financial Planning
- Equity owner in financial planning business
- Member, Australian Institute of Company Directors

Mr Russell Pearce

- Chairman, Nomination and Remuneration Committee
- Member, Risk Committee
- Bachelor of Laws
- Admitted as a Barrister of the Queensland Supreme Court and legal practitioner in Tasmania
- Serving Colonel, Active Army Reserve

- Deputy CEO and Director of Operations, Tasmanian Integrity Commission
- Independent member of the Audit Risk and Advisory Committee of Tasmania Medicare Local
- Former Director of Misconduct Investigations – Crime and Misconduct Commission
- Graduate, Australian Institute of Company Directors

Mr Edward (Ted) Chitham MC OAM

- Chairman, Risk Committee
- Member, Finance and Audit Committee
- Retired from Australian Regular Army, Commissioned Officer (22 years)
- Graduate Australian Army Staff College
- Graduate United States Marine Corps Command and Staff College
- Former RACQ Executive – General Manager (21 years)
- Public Officer and Company Secretary of The Royal Australian Regiment Corporation
- Member of the Queensland Forum of Ex – Service Organisations
- Member, Australian Institute of Company Directors

Ms Glenis Jay

- Chair, Strategy and Capital Committee
- Member, Nomination and Remuneration Committee
- Strategic marketing specialist
- 30 years' experience in management
- Former Manager Strategic Marketing (Qld Museum) and Manager Marketing (The Workshops Rail Museum)
- Inaugural Director and Board Member of the South Bank Business Association
- Recipient - Australia Day Medal for services to the Veteran Community
- Former Chair - Ipswich Tourism
- Former Executive Judge (Queensland Tourism Awards, Outback Tourism Awards, Redlands Tourism Awards and Norfolk Island Tourism Awards)
- Member, Australian Institute of Company Directors

Ms Gillian McFee (appointed on 25 October 2012)

- Member, Risk Committee
- Member, Strategy and Capital Committee
- Master of Business Administration
- Diploma of Urban and Regional Studies
- Bachelor of Social Studies (Hons)
- Former Chief Executive Officer and Executive of UnitingCare Ageing NSW and ACT
- Formerly held senior Executive leadership roles in NSW Government Departments
- Director of Basketball Australia Limited
- Independent consultant and an Associate to Nous Group
- Managing Director, Gillian McFee & Associates Pty Ltd
- Fellow, Australian Institute of Company Directors

Mr Robert Lourey (appointed on 25 October 2012)

- Member, Strategy and Capital Committee
- Member, Nomination and Remuneration Committee
- Bachelor of Business (Personnel Management)
- Diploma of Personnel Management
- Advanced Human Resource Executive Program, University of Michigan
- Group Human Resources Director, Navitas Limited
- Member of the KU Childrens Services
- Chair of the Access EAP Board

- Former Member of Michael Page plc and Afrox and Afrox Heathcare (RSA) Boards
- Member, Australian Institute of Company Directors

Mr Jeffrey McDermid (appointed on 25 October 2012)

- Chair, Finance and Audit Committee
- Member, Nomination and Remuneration Committee
- Bachelor of Economics
- Fellow of the Institute of Chartered Accountants in Australia
- Fellow of the Urban Development Institute of Australia
- Fellow of the Taxation Institute of Australia
- Former partner of WMS Chartered Accountants and Ernst & Young
- Director of Not – for – profit and For – profit companies
- Registered Company Auditor and Tax Agent
- Graduate, Australian Institute of Company Directors

Mr Alan Ross (retired 28 June 2013)

- Former Member, Strategy and Capital Committee
- Former Member, Risk Committee
- Retired from RAAF, Airfield Defence Guard (9 years)
- Queensland Railways (20 years)
- Secretary Mudgeeraba RSL Sub-Branch
- Vice President Gold Coast RSL District
- Men's Health Peer Group Facilitator
- Committee member of the Australia Japan Association

Mr Graeme Loughton AM DSM (retired 5 December 2012)

- Former Chairman, Finance and Audit Committee
- Former Member, Nomination and Remuneration Committee
- Bachelor of Commerce, University of Queensland
- Diploma of Company Directing, University of New England
- Retired from Australian Army, Commissioned Officer (35 years)
- Treasurer Sherwood Indooroopilly RSL Sub-Branch since 1993
- Member, Australian Institute of Company Directors

Mr Tony Nobes (retired on 25 October 2012)

- 34 years commissioned service with the Australian Regular Army
- Military service continues with the Active Army Reserve
- Queensland Public Servant in a management position with the Department of Housing and Public Works

Company Secretary

Susan Stewart was appointed as Company Secretary on 23 February 2012. In addition to her role as Company Secretary, she is General Counsel and responsible for the Trust's legal, company secretarial, risk, internal audit and corporate governance functions. Prior to her appointment Ms Stewart held the position of General Legal Counsel and Group Company Secretary at a listed property development, construction, funds management and retirement village company for six years and practised in national law firms for eighteen years in corporate and property law.

Directors' Attendance at Meetings

The number of Directors' meetings (including meetings of committees of directors) and the number of meetings attended by each Director during the financial year were:

	Directors' Meetings		Finance & Audit Committee		Strategy & Capital Committee		Risk Committee		Nomination & Remuneration Committee	
	Held[1]	Attended[2]	Held[1]	Attended[2]	Held[1]	Attended[2]	Held[1]	Attended[2]	Held[1]	Attended[2]
P McIntosh	12	12	12	12	5	5	-	-	-	-
R Pearce	12	12	-	-	2	2	3	3	3	3
E Chitham	12	12	12	11	-	-	3	3	-	-
G Jay	12	11	-	-	5	3	-	-	3	2
G McFee	8	8	-	-	3	3	2	2	-	-
R Lourey	8	7	-	-	3	3	-	-	2	2
J McDermid	8	7	8	7	-	-	-	-	2	1
A Ross	12	11	-	-	2	1	1	1	1	1
G Loughton	5	5	4	4	-	-	-	-	1	1
T Nobes	4	3	-	-	-	-	-	-	-	-

[1] Number of meetings held whilst the Director was a Board or Committee member

[2] Number of meetings attended by the Director

Indemnifying Officers or Auditor

Pursuant to the Constitution, all Directors and Company Secretaries, past and present, have been indemnified against all liabilities incurred by them in their capacity as a director or officer of the Company (except where the liability relates to a breach of certain provisions of the *Corporations Act 2001* (C'th)) and against liability for certain legal costs.

Since the end of the previous financial year, the Company has not indemnified or agreed to indemnify any person who is or has been an auditor of the Trust against any liabilities.

Insurance Premiums

During the financial year the Company has paid an insurance premium insuring the Directors and Officers of the Company under a Directors' and Officers' Liability insurance policy against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of a director or officer of the Company. A condition of such insurance contract is that the nature of the liability indemnified, the premium payable and certain other details of the policy are not to be disclosed.

Subsequent Events

No after balance date events have occurred which would significantly affect the financial position of the Trust or the operating results for the financial year.

Environmental Regulation

The Trust undertakes property development in Queensland and New South Wales. It is subject to legislation regulating land development. Consents, approvals and licences are generally required for all developments and it is usual for them to be granted with conditions. The Trust complies with these requirements by ensuring that all necessary consents, approvals and licences are obtained prior to any project being commenced and consents, approvals and licences are implemented in order to ensure compliance with conditions. To the best of the Directors' knowledge, all projects have been undertaken in compliance with these requirements.

The Trust has processes in place to identify and reduce its carbon footprint within its Residential Care, Retirement Living and HomeCare businesses.

Significant Changes in State of Affairs

There is no significant change in the Trust's state of affairs or the Trust's operations during the financial year.

Non Audit Services

There were non-audit services of $5,600 provided to the Trust by the external auditor during the financial year (2012: $16,000).

Contribution in Winding Up

The Deed of Trust does not require any contribution in the event the Trust is wound up.

The Company is incorporated under the *Corporations Act 2001* (C'th) and is a company limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute towards meeting any outstanding obligations of the entity. The Constitution requires each member to contribute a maximum of $10. At 30 June 2013, the total amount that members of the Company were liable to contribute if the Company was wound up was $520 (2012: $52).

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration is presented on page 8 and forms part of this Directors' Report.

Signed in accordance with a resolution of the Board.

[redacted]

Mr Patrick McIntosh
Chairman
27 September 2013

Grant Thornton

Grant Thornton Audit Pty Ltd
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Auditor's Independence Declaration
To the Directors of RSL Care Limited as Trustee for RSL QLD War Veterans' Homes Trust

As lead auditor for the audit of RSL Care Limited as Trustee for RSL QLD War Veterans' Homes Trust for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements; and

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

[redacted]

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

[redacted]

A F Newman
Partner - Audit & Assurance

Brisbane, 27 September 2013

RSL Care Limited as trustee for the RSL QLD War Veterans' Homes Trust
Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2013

	NOTE	2013 $'000	2012 $'000 ** Reclassified*
Revenue	5	240,993	232,331
Other income	5	6,518	51
Fair value increment/(decrement) on retirement village assets	10	(37,983)	(12,158)
Retirement village residents share of fair value increment/(decrement)		8,543	1,420
Net loss on fair value of financial instruments	2.4 (q)	(317)	(883)
Employee benefits expense		(173,850)	(161,280)
Occupancy expenses		(16,901)	(16,374)
Finance costs	6 (a)	(3,261)	(6,994)
Depreciation & amortisation expense	6 (b)	(13,515)	(13,560)
Rates & taxes		(4,086)	(3,847)
Repairs, maintenance & replacements		(12,793)	(11,634)
Other expenses		(15,336)	(19,045)
Surplus/(deficit) for the year		**(21,988)**	**(11,973)**
Other comprehensive income			
Net gain/(loss) on revaluation of land & buildings & licences	9.3	(100,937)	(24,374)
Total comprehensive income for the year		**(122,925)**	**(36,347)**
Surplus/(deficit) attributable to:			
RSL QLD War Veterans' Homes Trust		(21,988)	(11,973)
Total comprehensive income attributable to:			
RSL QLD War Veterans' Homes Trust		(122,925)	(36,347)

See Note 4 for details of Reclassification

The accompanying notes form part of these financial statements

RSL Care Limited as trustee for the RSL QLD War Veterans' Homes Trust
Statement of Financial Position

As at 30 June 2013

	NOTE	2013 $'000	2012 $'000 * Reclassified
CURRENT ASSETS			
Cash & short-term deposits	7	24,380	11,032
Trade & other receivables	8	27,698	30,036
Other assets		2,051	1,460
Non-current assets held for sale	22	12,210	1,664
Total Current Assets		**66,339**	**44,192**
NON-CURRENT ASSETS			
Trade & other receivables	8	2,740	2,787
Other non-current assets		967	-
Property, plant & equipment	9	316,601	435,898
Retirement village assets	10	560,808	584,992
Intangible assets	11	3,450	760
Total Non-Current Assets		**884,566**	**1,024,437**
TOTAL ASSETS		**950,905**	**1,068,629**
CURRENT LIABILITIES			
Trade & other payables	12	667,935	659,250
Interest-bearing loans & borrowings	15	500	420
Other current financial liabilities	13	1,188	2,100
Provisions	14	14,163	13,609
Total Current Liabilities		**683,786**	**675,379**
NON-CURRENT LIABILITIES			
Interest-bearing loans & borrowings	15	54,083	53,330
Other non-current financial liabilities	13	1,081	1,947
Provisions	14	4,561	7,654
Total Non-Current Liabilities		**59,725**	**62,931**
TOTAL LIABILITIES		**743,511**	**738,310**
NET ASSETS		**207,394**	**330,319**
EQUITY			
Trust corpus	25	-	-
Accumulated surplus		145,946	167,934
Reserves	16	61,448	162,385
TOTAL EQUITY		**207,394**	**330,319**

See Note 4 for details of Reclassification

The accompanying notes form part of these financial statements

RSL Care Limited as trustee for the RSL QLD War Veterans' Homes Trust
Statement of Changes in Equity
For year ended 30 June 2013

	NOTE	Accumulated Surplus $'000	Asset Revaluation Reserve $'000	Total Accumulated Funds $'000
Balance at 30 June 2011		**179,907**	**186,759**	**366,666**
Decrement in value of freehold land & buildings	9.3	-	(24,374)	(24,374)
Surplus/(deficit) for the year		(11,973)	-	(11,973)
Total other comprehensive income		(11,973)	(24,374)	(36,347)
Balance at 30 June 2012		**167,934**	**162,385**	**330,319**
Decrement in value of freehold land & buildings	9.3	-	(100,937)	(100,937)
Surplus/(deficit) for the year		(21,988)	-	(21,988)
Total other comprehensive income		(21,988)	(100,937)	(122,925)
Balance at 30 June 2013		**145,946**	**61,448**	**207,394**

The accompanying notes form part of these financial statements.

RSL Care Limited as trustee for the RSL QLD War Veterans' Homes Trust
Statement of Cash Flows
For year ended 30 June 2013

	NOTE	2013 $'000 Inflows (Outflows)	2012 $'000 Inflows (Outflows) * *Reclassified*
Cash flow from operating activities			
Receipts from:			
Residents & subsidies		226,091	215,401
Donations & grants received		620	462
Net GST received from ATO		4,874	5,129
Payments to:			
Payments to suppliers & employees		(229,069)	(211,394)
Net cash generated from operating activities	7.3	**2,516**	**9,598**
Cash flow from investing activities			
Payments:			
Property, plant & equipment		(8,400)	(16,607)
Retirement village assets		(13,799)	(5,247)
Intangible Assets		(3,385)	(750)
Acquisition		-	-
Proceeds:			
Capital grants		19	1,482
Managed trust		47	900
Sale of property, plant & equipment		2,977	-
Net cash generated used by investing activities		**(22,541)**	**(20,222)**
Cash flow from financing activities			
Payments:			
Resident loans		(47,617)	(30,121)
Accommodation bonds		(50,321)	(52,077)
Interest-bearing loans & borrowings		833	(16,528)
Refundable deposits		-	-
Finance Costs		(5,356)	(6,994)
Proceeds:			
Resident loans		69,475	47,753
Accommodation bonds		64,880	57,709
Rental bonds		2	4
Interest received		1,477	2,461
Net cash generated from financing activities		**33,373**	**2,207**
Net increase / (decrease) in cash held		**13,348**	**(8,417)**
Cash at the beginning of the financial year		11,032	19,449
Cash at the end of the financial year	7	**24,380**	**11,032**

The accompanying notes form part of these financial statements.

RSL Care Limited as trustee for the RSL QLD War Veterans' Homes Trust

Index of Notes to Financial Statements

For year ended 30 June 2013

Notes to the financial statements

For the year ended 30 June 2013

1. CORPORATE INFORMATION

The financial statements of RSL Care Limited as trustee for the RSL QLD War Veterans' Homes Trust for the year ended 30 June 2013 were authorised for issue in accordance with a resolution of the Directors on 27 September 2013.

RSL Care Limited (**Company**) was incorporated on 21 December 1983. It was established to act as Trustee for the RSL QLD War Veterans' Homes Trust (**Trust**) under a Deed of Trust dated 13 December 1983. The Trust provides ex-service men and women, their dependants and other members of the broader Australian community with accommodation, care and services. The Company operates the Trust business under the name "RSL Care". The Company does not carry on business in its individual capacity.

The Company is a public company limited by guarantee and domiciled in Australia. The address of its registered office is 301 Wickham Street, Fortitude Valley, Queensland, Australia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and the Trust Deed. The financial report has also been prepared on a historical cost basis, except for retirement village assets, land and buildings, derivative financial instruments and available-for-sale investments, which have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($000) unless otherwise stated.

2.2 Compliance with IFRS

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 Trust applying not-for-profit specific requirements contained in Australian Accounting Standards.

2.3 New accounting standards and interpretations

(i) New and amended standards adopted by the Trustee

The Trustee has adopted the following new and amended Australian Accounting Standards and AASB Interpretations in the current year.

AASB 101 – Presentation of Financial Statements (Applies to annual reporting periods beginning on or after 1 July 2012)

The amendment (part of AASB 2011-9 'Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income') introduces new terminology for the statement of profit or loss and other comprehensive income and income statement. Under the amendments to AASB 101, the statement of profit or loss and other comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss. The amendments to AASB 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section:

(a) items that will not be reclassified subsequently to profit or loss; and

(b) items that may be reclassified subsequently to profit or loss when specific conditions are met.

The adoption of the new and revised Australian Accounting Standards and Interpretations has had no significant impact on the Trustee's accounting policies. The adoption of AASB 2011-9 has resulted in changes to the Trust's presentation of its financial statements.

(ii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Trust.

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 Trust.

Management anticipates that all of the relevant pronouncements will be adopted in the Trustee'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 Trustee's financial statements is provided below.

Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Trustee's financial statements. The following standards have been considered by management and are not believed to have an impact for the Trust:

- AASB 2011-4 Amendments to KMP disclosures;
- AASB 119 Employee benefits;
- AASB Interpretations 20 Stripping Costs in the Production Phase of a Surface Mine.

AASB 9 Financial Instruments (effective on or after 1 January 2015)

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 2015. Further chapters dealing with impairment methodology and hedge accounting are still being developed by IASB. Management have yet to assess the impact that this amendment is likely to have on the financial statements of the Trust. 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.

AASB 10 Consolidated Financial Statements & AASB 127 Consolidated & Separate Financial Statements (effective on or after 1 January 2013)

AASB 10 replaces the parts of AASB 127 that deal with consolidations. AASB 10 includes a new definition for control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Management have yet to assess the impact that these standards will have on the financial statements of the Trust.

AASB 11 Joint Arrangements (effective on or after 1 January 2013)

This standard replaces AASB 131 Interests in Joint Ventures and introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of the joint arrangement, but rather on how rights and obligations are shared by the parties to the arrangement. A Joint arrangement will be classified as either a joint operation or a joint venture. Joint ventures will be required to be accounted for using the equity method, whereas parties to a joint operation will account for their share of revenues, expenses, assets and liabilities in accordance with the previous standard. Management have yet to assess the impact that this amendment is likely to have on the financial statements of the Trust.

AASB 12 Disclosure of Interests in other entities (effective on or after 1 January 2013)

This standard sets out the required disclosures for entities reporting under the new standards AASB 10 and 11 and replaces AASB 127 and 128.

AASB 13 Fair Value Measurements (AASB 13) (effective on or after 1 January 2013)

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 Trustee's management have yet to assess the impact of this new standard.

AASB 2012-2 & AASB 2012-3 Amendments to AAS Disclosures – Offsetting Financial Assets and Financial Liabilities (effective on or after 1 January 2013)

The amendments to AASB 132 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments to AASB 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to AASB 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to AASB 132 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required. The directors anticipate that the application of these amendments to AASB 132 and AASB 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future. The Trustee's management have yet to assess the impact of these amendments.

AASB 2012-10 Amendments to AAS Transition Guidance and Other amendments (effective on or after 1 January 2013)

The Annual Improvements to AASBs 2009 – 2011 Cycle include a number of amendments to various AASBs. The amendments are effective for annual periods beginning on or after 1 January 2013.
Amendments to AASBs include:

- amendments to AASB 116 'Property, Plant and Equipment'; and
- amendments to AASB 132 'Financial Instruments: Presentation'.

The amendments to AASB 116 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in AASB 116 and as inventory otherwise. The directors do not anticipate that the amendments to AASB 116 will have a significant effect on the Trust's consolidated financial statements.

The Trustee does not anticipate that the amendments to AASB 132 will have an effect on the Trust's consolidated financial statements as the Trust has already adopted this treatment.

2.4 Summary of Accounting Policies

(a) Overall considerations

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

The 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.

(b) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Trust and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Trustee assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Trustee has concluded that it is acting as a principal in all of its revenue arrangements. The specific recognition criteria described below must be met before revenue is recognised.

(i) Rendering of services

Revenue from fees and subsidies is recognised when the accommodation, care or service has been provided to the resident.

(ii) Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of profit or loss and other comprehensive income.

(iii) Rental income

Rental income arising from residents' right to reside in retirement village assets is accounted as accrued in accordance with the lease terms and included in revenue due to its operating nature.

(iv) Accommodation bond and resident loans income

Income from accommodation bonds and deferred management fees ("retention income") is recognised in accordance with the terms of residential agreements and retirement village agreements as governed by relevant legislation.

(v) Donations and bequests

Donations received are recognised as revenue when the Trustee gains control, economic benefits are probable and the amount of the donation can be measured reliably. Bequests are recognised when the legacy is received.

(vi) Other revenue

Other Revenue includes revenue received that is not separately in the other categories in the Note.

(c) Government grants

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

Where the 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 a liability is recognised until the service is delivered.

Revenue from a non-reciprocal grant that is not subject to conditions is recognised when the Trust 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 Trust receives a non-reciprocal contribution of an asset from a government or other party for no or nominal consideration, the asset is recognised at fair value and a corresponding amount of revenue is recognised.

(d) Operating expenses

Operating expenses are recognised in the statement of profit or loss and other comprehensive income upon utilisation of the service or at the date of their origin.

(e) Income tax and other taxes

(i) Income tax

No income tax liability exists as the Trustee and Trust are exempt from income tax in accordance with Section 50-5 of the Income Tax Assessment Act 1997.

(ii) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(f) Non-current assets held for sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

(g) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

(i) Property

Freehold land and buildings are measured at fair value, being the amount for which an asset could be exchanged between knowledgeable and willing parties in an arm's length transaction. Valuations are regularly performed by an external independent valuer to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is recorded in other comprehensive income and hence, credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset class previously recognised in the statement of profit or loss and other comprehensive income, in which case, the increase is recognised in the statement of profit or loss and other comprehensive income. A revaluation deficit is recognised in the statement of profit or loss and other comprehensive income, except to the extent that it offsets an existing surplus on the same asset class recognised in the asset revaluation reserve.

Buildings are independently valued each year and fair value is recorded on net value in the statement of financial position.

Upon disposal, any revaluation reserve relating to that particular asset being sold is transferred to retained earnings.

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

(ii) Plant and equipment

Plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it its probable that future economic benefits associated with the item will flow to the Trust and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

The carrying amount of property, plant and equipment is reviewed annually by the Trustee to ensure it is not in excess of the recoverable amount of these assets.

(iii) Depreciation

The depreciable amount of all buildings assets, excluding retirement village assets is depreciated on an advanced straight-line asset management approach over their estimated useful lives commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Other assets excluding land are depreciated on a straight-line basis.

The depreciation rates used for each class of depreciable assets are:

Class of Asset	*Depreciation Rate*
Buildings	0-40%
Leasehold improvements	11.1% - 33.3%
Plant and equipment	10%
Air conditioning	10%
Furniture, fixtures & fittings	10%
Office equipment	20%
Information technology	33.3%
Motor vehicles	10% - 17.71%

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income when the asset is derecognised.

The assets' residual values, useful lives and depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(h) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in the arrangement.

(i) Trustee as a lessee

Where the Trustee 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.

(ii) Trustee as a lessor

Leases in which the Trustee does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Rental income is recognised as revenue in the period in which it is earned.

(i) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(j) Retirement village assets

Retirement village assets are measured initially at cost, including transaction costs and are held to generate income from deferred management fees and the Trustee's share of the increase in the market value of the investment. Subsequent to initial recognition, retirement village assets are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of retirement village assets are included in the statement of profit or loss and other comprehensive income in the period in which they arise. Fair values are evaluated annually by an accredited external, independent valuer, applying a valuation model recommended by the International Valuation Standards Committee.

Retirement village assets are held as investment properties and treated as such under accounting standard AASB 140: Investment Property.

(k) Intangible assets

(i) Acquired intangible assets

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

(ii) Subsequent measurement

All computer software 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 2 (r). The following useful lives are applied:

- Software and software licences: 1-3 years
- Enterprise applications: 8 years

Residential care licences and community care package licences are measured at nil value and have been since June 2011. Historically the Trust has recognised bed licences at cost or deemed cost (in instances where they are acquired for no cost or a nominal amount) when they are activated. The Trustee has determined that the bed licences are an indefinite life intangible asset and therefore subject to an annual impairment review. In FY2011, an impairment assessment was conducted and the Trustee estimated the fair value of the bed licences at that date approximated to nil value. The Trustee reviews the value of licences annually and has determined that the fair value of the licences continue to be fairly stated at a nil value.

Amortisation has been included within depreciation and amortisation.

Subsequent expenditure on the maintenance of computer software is 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.

(l) Financial instruments – initial recognition and subsequent measurement

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the financial instrument.

(m) Financial assets

(i) Initial recognition and measurement

Financial instruments within the scope of AASB 139 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Trust determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Trust commits to purchase or sell the asset.

The Trustee's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables, unquoted financial instruments and derivative financial instruments.

(ii) Subsequent measurement

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; or
- Financial assets at fair value through profit or loss (FVTPL).

(iii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by AASB 139.

Financial assets at fair value through the statement of profit or loss and other comprehensive income are carried in the statement of financial position at fair value with net changes in fair value recognised in finance costs in the statement of profit or loss and other comprehensive income.

Financial assets designated upon initial recognition at fair value through the statement of profit or loss and other comprehensive income are designated at their initial recognition date and only if the criteria under AASB 139 are satisfied. The Trust has not designated any financial assets at fair value through profit or loss.

The Trustee evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When in rare circumstances the Trustee is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Trust may elect to reclassify these financial assets. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, these instruments cannot be reclassified after initial recognition.

(iv) 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 measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the statement of profit or loss and other comprehensive income. The losses arising from impairment are recognised in the statement of profit or loss and other comprehensive income in finance costs for loans and in cost of sales or other operating expenses for receivables.

(v) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The Trust has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either

  (a) the Trust has transferred substantially all the risks and rewards of the asset, or
  (b) the Trust has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Trust has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Trust's continuing involvement in the asset. In that case, the Trustee also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Trustee has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Trustee could be required to repay.

(vi) Impairment of financial assets

At each reporting date, the Trustee assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can
be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and when observable data indicates a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(n) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities within the scope of AASB 139 are classified as financial liabilities at fair value through profit or loss, loans and borrowing, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Trustee determines the classification of the Trust's financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in the case of loan and borrowings, directly attributable transaction costs. The Trust's financial liabilities include trade and other payables, bank overdraffs, loans and borrowings, financial guarantee contracts, and derivative financial instruments.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, and is described below.

(iii) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Trustee that are not designated as hedging instruments in hedge relationship as defined by AASB 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss and other comprehensive income.

Financial liabilities designated upon initial recognition at fair value through the statement of profit or loss and other comprehensive income are so designated at the initial date of recognition, and only if criteria of AASB 139 are satisfied. The Trustee has not designated any financial liability as at fair value through profit or loss.

(iv) Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss and other comprehensive income.

(v) Financial guarantee contracts

Financial guarantee contracts issued by the Trustee are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

(vi) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

(o) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts; and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(p) Fair value of financial instruments

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions;
- Reference to the current fair value of another instrument that is substantially the same; or
- A discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 13.

(q) Derivative financial instruments

The Trust uses derivative financial instruments such as interest rate swaps to hedge its interest rate risks. The Trustee recognises the current interest rate swap at fair value.

The swap liability at 30 June 2013 is $2.27m (2012 $4.05m). The loss for 2013 was $317,000 compared to a loss of $883,000 in 2012.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the statement of profit or loss and other comprehensive income.

Hedge accounting has not been applied to the interest rate swap.

(r) Impairment

At each reporting date, the Trustee assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

(s) Impairment testing of intangible assets and property, plant and equipment

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. Cash-generating units (determined by the Trusts' management as equivalent to its operating segments) are tested for impairment at least annually.

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 Trustee's latest approved budget. 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 risk 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 are charged pro rata to the other assets in the cash-generating unit. 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.

(t) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at bank and on hand, bank deposits at call, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash, deposits at call and short term deposits as defined above, net of outstanding bank overdrafts.

(u) Provisions

(i) General

Provisions are recognised when the Trustee has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Trustee expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

(ii) Restructuring provision

Restructuring provisions are recognised only when general recognition criteria for provisions are fulfilled. Additionally, the Trustee follows a detailed formal plan about the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs and appropriate timeline. The employees affected have a valid expectation that the restructuring is being carried out or the implementation has been initiated already.

(iii) Employee benefits provision

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

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.

(iv) Provision for onerous contracts

The Trustee entered into contracts in 2007 for the staged acquisition of the four parcels of land at Sovereign Hills. On 30th June 2012 the Trustee recognised an onerous contract provision for $2.65m in respect to the 3 remaining parcels of land that had not at that date been acquired. Advice provided during the 2012-13 financial year has concluded that the Trustee's obligations under the contracts expired on 30 June 2011. The onerous contract provision has been reversed through statement of profit or loss and other comprehensive income in the current year.

(v) Self-insurance provision

The Trustee is a member of the Aged Care Employers Self-insurance Group which is licensed as a self-insurer for its Queensland operations with Q-COMP, the Workers' Compensation Regulatory Authority. Through this membership the Trust self-insures for Workers Compensation and appropriate provisions are taken up each year on the basis of an annual actuarial report.

(v) Comparatives

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

On 1 February 2013, The Trust migrated its finance system from "KCS" to "Microsoft Dynamics". During the conversion to the new system, a number of general ledger accounts were reclassified to provide more relevant reporting in the statement of profit or loss and other comprehensive income. No material changes were made to the statement of financial position items. Further details are provided in Note 4.

(w) Going concern

The Statement of Financial Position discloses total current assets of $66,339,000 and total current liabilities of $683,786,000. This largely arises because resident loans and accommodation bonds, totalling $651,416,000, are classified in full as a current liability, whereas the assets to which the loans and bonds relate (land, buildings and retirement village assets), are classified as non-current assets. Resident loans and accommodation bonds are classified as a current liability because the Trust does not have an unconditional right to defer settlement of resident loans or accommodation bonds for at least 12 months after the reporting period. In practice, the rate at which residents vacate their retirement village units and their aged care accommodation can be estimated. Given that our resident profile is generally consistent with prior periods, these prior periods provide a reliable estimate of future payment trends. As noted in the cash flows from financing activities, $97,938,000 of resident loans and accommodation bonds were refunded. These refunded loans were replaced by incoming contributions (including accommodation bonds) of $134,355,000 during the financial year. In each of the last four financial years incoming contributions have significantly exceeded the value of refunded resident loans and accommodation bonds. This trend is expected to continue in the following 12 months.

In addition, the Trustee has a liquidity management strategy in place that requires available liquidity to be in excess of 10% of the total accommodation bond liability, to ensure that refunds can be paid as and when they fall due. Liquidity is monitored at least on a monthly basis and cash flow forecasts are prepared on at least a monthly basis to ensure that the liquidity management strategy is adhered to.

After considering all available current information, the Trustee has concluded that there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they fall due and payable and the basis of preparation of the financial report on a going concern basis is appropriate.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Trust's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, asset and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(a) Judgements

In the process of applying the Trustee's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

(b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Trustee based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Trustee. Such changes are reflected in the assumptions when they occur.

(c) Revaluation of property, plant and equipment and retirement village assets

The Trustee carries its retirement village assets at fair value, with changes in fair value being recognised in the statement of profit or loss and other comprehensive income. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The Trustee engaged independent valuation specialists to determine fair value as at 30 June 2013. For retirement village assets, the valuations comprise the "in-line" value of completed unsold/repurchased stock and rental dwellings; and assessed market value of the proprietary interest (DMF) secured by the existing resident contracts associated with those occupied dwellings.

The key assumptions used to determine the fair value of retirement village assets is further explained in Note 10. Comprehensive external valuations of retirement village assets are undertaken annually and for other assets are undertaken regularly to ensure recognition of fair value.

(d) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in arm's length transactions of similar assets or observable market prices less incremental costs for disposing of the asset.

(e) Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(f) Work in progress

Management reviews the future value of costs incurred to date and expected benefits realisation. This is of particular significance in projects such as property developments which can run over a number of years, and property refurbishments. The carrying amounts are analysed in note 9.3. Actual results, however, may vary due to changing customer requirements and market conditions in the case of property development which tends to have a long lead time from initial spend to achievement of development approval and finally completion of construction work.

4. RECLASSIFICATION OF 2012 COMPARATIVES

On 1 February 2013, The Trust migrated its finance system from "KCS" to "Microsoft Dynamics". During the conversion to the new system, a number of general ledger accounts were reclassified to provide more relevant reporting in the statement of profit or loss and other comprehensive income. No material changes were made to the statement of financial position items.

The 2012 reported balances have been reclassified to conform to changes in presentation for the current financial year resulting from the migration to the Microsoft Dynamics finance system. The impact of the changes to account classifications are summarised below:-

Statement of Profit or Loss and Other Comprehensive Income Extract	Note	Reclassified 2012 $'000	Increase/ (Decrease) 2012 $'000	Per Annual Report 2012 $'000
Revenue	5	232,331	(972)	233,303
Employee benefits expense		(161,280)	(3,884)	(157,396)
Occupancy expenses		(16,374)	6,383	(22,757)
Finance costs	6	(6,994)	(564)	(6,430)
Repairs, maint. & replacements		(11,634)	(236)	(11,398)
Other expenses		(19,045)	(727)	(18,318)
Net effect of Income Statement Reclassifications			-	

Statement of Financial Position Extract	Note	Reclassified 2012 $'000	Increase/ (Decrease) 2012 $'000	Per Annual Report 2012 $'000
Cash & cash equivalents	7	11,032	1	11,031
Trade & other receivables	4.1 & 8	30,036	26,822	3,214
Prepayments		1,460	(6)	1,466
Trade & other payables	4.1 & 12	(659,250)	(26,817)	(632,433)
Net effect of Statement of Financial Position Reclassifications			-	

4.1 Accommodation bonds receivable

With the implementation of Microsoft Dynamics, the unpaid accommodation bonds were established in the general ledger. This debt was not previously recognised in trade receivables of KCS. The FY12 accommodation bond receivable balance was $26.82m. This is offset by a similar increase in the accommodation bonds liability.

5. REVENUE AND OTHER INCOME

	NOTE	2013 $'000	2012 $'000 * *Reclassified*
Revenue			
Fees		52,408	47,339
Subsidies		168,263	162,554
Grants		141	1,582
Retentions & Deferred Managements Charges		14,924	13,664
Interest revenue – other persons		1,477	2,461
Donations – general		411	411
Rent received		1,083	1,756
Consulting fees		17	20
Other revenue		2,269	2,544
Total revenue	4	**240,993**	**232,331**
Other income			
Profit on sale of plant & equipment		208	51
Net gain on reversal of onerous contract provision		2,652	-
Insurance recoveries		3,658	-
Total other income		**6,518**	**51**

See Note 4 for details of Reclassification

6. SURPLUS/ (DEFICIT) FOR THE YEAR

	NOTE	2013 $'000	2012 $'000 * Reclassified
Surplus/(deficit) has been determined after:			
a. Expenses			
Finance costs – external	4	3,261	6,994
Bad debts		35	23
Loss on disposal of assets		116	207
b. Depreciation & amortisation of non-current assets			
• Buildings & leasehold improvements	9.3		
- at valuation		7,757	8,557
- at cost		69	54
• Plant & equipment – at cost	9.3	1,723	1,576
• Air-conditioning – at cost	9.3	149	114
• Furniture, fixtures & fittings – at cost	9.3	229	214
• Office equipment – at cost	9.3	14	6
• Information technology – at cost	9.3	1,249	686
• Motor vehicles – at cost	9.3	1,195	1,232
• Low value asset pool – at cost	9.3	735	916
Amortisation of non-current assets			
• Software – at cost	11	395	205
Total depreciation & amortisation		**13,515**	**13,560**
c. Employee benefits expense			
• Salaries & wages		134,467	122,460
• Superannuation		12,104	11,029
• Employee benefit provision expense		12,981	12,714
• Employee insurance provision		884	2,072
• Other employee benefits expenses		13,414	13,005
Total employee benefits expense		**173,850**	**161,280**

See Note 4 for details of Reclassification

7. CASH AND SHORT-TERM DEPOSITS

	NOTE	2013 $'000	2012 $'000 * Reclassified
CURRENT			
Cash at bank & on hand		1,827	5,059
Short-term deposits		19,010	2,342
Capital replacement fund	7.1	3,543	3,631
Total cash & short-term deposits		**24,380**	**11,032**

Reconciliation of cash

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

Cash at bank and on hand		1,827	5,059
Short-term deposits		19,010	2,342
Capital replacement fund		3,543	3,631
Total cash & short-term deposits		**24,380**	**11,032**

See Note 4 for details of Reclassification

The effective rate on short term bank deposit was 2.6% (2012: 4.2%). The effective rate on the Business Online Saver account was 3.6%. This account was set up in FY13.

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Trust, and earn interest at the respective short-term deposit rates.

At 30 June 2013, the Trust had available $10m (2012: $25m) of undrawn committed borrowing facilities. At 30 June 2013, $50m of the facility had been drawn down (2012: $50m).

7.1 Capital Replacement Fund

Under the Retirement Villages Act 1999 QLD and Retirement Villages Act 1999 (NSW), the Trustee contributes to a Capital Replacement Fund, which is used for the sole purpose of replacing retirement village capital items and is therefore regarded as restricted cash. The required contribution to the fund is determined annually by an independent quantity surveyor.

7.2 Maintenance Reserve Fund/Capital Works Fund

Under the Retirement Villages Act 1999 QLD and Retirement Villages Act 1999 (NSW), residents of the Trust's retirement villages contribute to a Maintenance Reserve Fund QLD and Capital Works Fund (NSW) which is for the sole purpose of maintaining and repairing retirement village capital items. The residents required contribution to the fund is determined annually by an independent quantity surveyor. The balance of the Maintenance Reserve Fund / Capital Works Fund is not included in the reported cash and cash equivalents presented in the Statement of Financial Position however the current balance is disclosed below.

	NOTE	2013 $'000	2012 $'000
Maintenance Reserve Fund/Capital Works Fund		**4,423**	**3,971**

7.3 Reconciliation of cash flows from operating activities

	NOTE	2013 $'000	2012 $'000 * Reclassified
a. Reconciliation of surplus to net cash flows from operations			
Surplus/ (deficit)		(21,988)	(11,973)
Non-cash adjustment to reconcile surplus to net cash flows:			
Depreciation & impairment of property, plant & equipment	6	13,120	13,355
Amortisation & impairment of intangible assets	6	395	205
Loss/ (profit) on sale of assets	6	116	207
Accommodation bond retentions		(2,897)	(2,974)
Adjustment to residents' liabilities		(12,027)	(10,690)
Net (gain)/loss on retirement village assets		29,440	10,738
Net (gain)/loss on fair value of financial instruments		(1,778)	883
Non Operating Items:			
Capital donations		(19)	(1,482)
Finance Costs		5,356	6,994
Interest Income	5	(1,477)	(2,461)
Changes in assets and liabilities:			
(Increase)/decrease in trade receivables		(55)	(1,771)
(Increase)/decrease in other current assets		(4,496)	1,664
(Decrease)/increase in trade payables		1,366	1,098
(Decrease)/increase in provisions		(2,540)	5,805
Net cash flows from operating activities		**2,516**	**9,598**

See Note 4 for details of Reclassification

8. TRADE AND OTHER RECEIVABLES

	NOTE	2013 $'000	2012 $'000 * Reclassified
CURRENT			
Trade receivables	8.1	23,571	29,155
Provision for impairment	8.1	(193)	(193)
Sundry receivables		4,304	1,061
Loans receivable		7	7
Security deposit		9	6
Total current trade & other receivables		**27,698**	**30,036**
NON-CURRENT			
Loans receivable	8.2		
Scartwater Trust		2,726	2,766
Maryborough Retirement Village MRF Fund		14	21
Total non-current		**2,740**	**2,787**

See Note 4 for details of Reclassification

8.1 Trade receivables

With the implementation of Microsoft Dynamics, the unpaid accommodation bonds were established in the general ledger. This debt was not previously recognised in the prior general ledger of KCS. The FY13 bond receivable balance is $21.19m (2012 $26.82m). This is offset by a similar increase in the Accommodation Bonds liability, Note 12.2. There is nil effect on the net assets or surplus/(deficit) of the Trust.

Trade receivables are reviewed annually for impairment. As at 30 June 2013 an amount of $274,000 is outstanding greater than 30 days (2012 $297,000), excluding bonds receivable. The Trust has made a provision of $193,000 for impairment (2012 $193,000).

8.2 Loan receivable

In 2005, the Trustee entered into the Scartwater (Aged Care) Trust Deed under which it agreed to act as management trustee of the Scartwater (Aged Care) Trust which operates a residential aged care facility and rental units at Bowen known as Cunningham Villas. Separate financial statements are prepared and audited for this facility. During the year the Trust's loan to the Scartwater Trust has decreased by $40,000 (2012 reported a decrease of $894,000). Although Scartwater (Aged Care) Trust is economically dependent on the Trust, the Trustee does not currently intend to call on the loan.

During 2010-11 the Trustee committed to a loan of $35,000 for a five year term to the Maryborough Retirement Village with $7,000 repayable in annual instalments. The balance owing is $21,000 (2012 $28,000).

9. PROPERTY, PLANT AND EQUIPMENT

	NOTE	2013 $'000	2012 $'000
LAND & BUILDINGS			
Freehold land at:			
At valuation		85,315	118,651
Cost (recent acquisition)		-	-
Total land		**85,315**	**118,651**
Buildings & leasehold improvements			
Buildings - at valuation		205,400	308,120
Less accumulated depreciation		-	(29,018)
		205,400	279,102
Buildings - at cost		-	-
Less accumulated depreciation		-	-
		-	-
Leasehold – at cost		544	536
Less accumulated depreciation		(319)	(249)
		225	287
Total buildings & leasehold improvements		**205,625**	**279,389**
Total land & buildings		**290,940**	**398,040**
Plant & equipment			
At cost		20,068	18,020
Less accumulated depreciation		(9,334)	(7,648)
		10,734	10,372
Air-conditioning			
At cost		2,192	1,838
Less accumulated depreciation		(1,087)	(938)
		1,105	900
Furniture, fixture & fittings			
At cost		2,675	2,496
Less accumulated depreciation		(1,447)	(1,218)
		1,228	1,278
Office equipment			
At cost		288	285
Less accumulated depreciation		(236)	(222)
		52	63
Information technology			
At cost		10,748	7,548
Less accumulated depreciation		(6,602)	(5,365)
		4,146	2,183
Motor vehicles			
At cost		7,548	9,360
Less accumulated depreciation		(4,378)	(4,064)
		3,170	5,296
Low value asset pool			
At cost		7,612	6,699
Less accumulated depreciation		(6,481)	(5,746)
		1,131	953
Total plant & equipment		**21,566**	**21,045**
Total work in progress		**4,095**	**16,813**
Total property, plant & equipment		**316,601**	**435,898**

9.1 Land and building valuations

Freehold land and buildings were valued at fair value as at 30 June 2013. The valuation assessment was based on a specifically-commissioned valuation by an independent registered valuer. The resulting write-down in property values has been charged to the Asset Revaluation Reserve.

The valuer used the following methodology to determine fair value of the Trust's assets at 30 June 2013:

1. Land held for future development - valued at assessed market value.
2. Corporate office - valued based on capitalisation of net market income (using 8.25%) and validating this valuation against future redevelopment (to 15 stories) with 5 year holding income.
3. Retirement Villages.
   a. The Trust owned stock is valued at estimated net realisable value.
   b. Occupied stock is valued based on the discounted value of the future Deferred Management Fee flows plus the current value of the exit entitlement.
4. Residential Aged Care.
   a. Calculated the sustainable trading potential for each site (maintainable EBITDA) and capitalised at 13%.
   b. Assessed the potential for bond growth.
   c. Conducted a depreciated replacement cost analysis to support the valuation calculated in a. and b.

Land held for resale has been valued at assessed net realisable value based on either the valuer's valuation or offers currently at hand.

9.2 Joint venture agreements

The Trust is currently a party to three joint venture agreements under which the Trust holds a 50% interest in the joint venture assets.

Under one joint venture agreement either participant can withdraw from the joint venture in which case it is required to transfer its joint venture interest to the other participant at nil value. If the parties mutually agree to terminate this joint venture the Trust may, in that event, incur a liability. At present this event is not considered likely nor can it be reliably measured. For these reasons no contingent liability has been disclosed.

In the other two agreements in the event of a disposal of the joint venture assets each party will receive the market value of the assets they have contributed to the joint venture. The contributions made by the counterparty to each of these two joint ventures no longer have a market value. On this basis the total contribution by the Trust to each joint venture is recognised in these accounts as 100% of the net assets.

9.3 Movements in carrying amounts

Movements in the carrying amounts for each class of property, plant and equipment are as follows:

Year ended 30 June 2013	Freehold land $'000	Buildings & leasehold improvements $'000	Work in progress $'000	Plant - at cost $'000	Air-con - at cost $'000	FF&F - at cost $000	Office equip. - at cost $'000	Information technology - at cost $'000	MV"s - at cost $'000	Low value asset pool – at cost $'000	Total $'000
At 1 July 2012	**118,651**	**279,389**	**16,813**	**10,372**	**900**	**1,278**	**63**	**2,183**	**5,296**	**953**	**435,898**
Additions	-	407	12,103	2,131	354	179	3	2,579	247	913	**18,916**
Transfers from WIP	-	13,466	(14,099)	-	-	-	-	633	-	-	-
Transfer assets held for resale	(12,210)	-	-	-	-	-	-	-	-	-	**(12,210)**
Transfer to software	-	-	(3,237)	-	-	-	-	-	-	-	**(3,237)**
Transfers to retirement village assets	-	-	(7,485)	-	-	-	-	-	-	-	**(7,485)**
Revaluation increment/ (decrement)	(21,126)	(79,811)	-	-	-	-	-	-	-	-	**(100,937)**
Disposals	-	-	-	(46)	-	-	-	-	(1,178)	-	**(1,224)**
Depreciation expense	-	(7,826)	-	(1,723)	(149)	(229)	(14)	(1,249)	(1,195)	(735)	**(13,120)**
At 30 June 2013	**85,315**	**205,625**	**4,095**	**10,734**	**1,105**	**1,228**	**52**	**4,146**	**3,170**	**1,131**	**316,601**

Year ended 30 June 2012	Freehold land $'000	Buildings & leasehold improvements $'000	Work in progress $'000	Plant - at cost $'000	Air-con - at cost $'000	FF&F - at cost $000	Office equip. - at cost $'000	Information technology - at cost $'000	MV''s - at cost $'000	Low value asset pool – at cost $'000	Total $'000
At 1 July 2011	**100,620**	**327,448**	**12,611**	**9,416**	**617**	**1,242**	**12**	**1,113**	**4,954**	**1,073**	**459,106**
Additions	-	643	12,240	2,546	397	251	57	983	2,614	796	**20,527**
Transfers from WIP	2,262	1,724	(5,224)	-	-	-	-	988	-	-	**(250)**
Transfer assets held for resale	(1,664)	-	-	-	-	-	-	-	-	-	**(1,664)**
Transfer to software	-	-	-	-	-	-	-	(215)	-	-	**(215)**
Transfers to retirement village assets	-	-	(1,130)	-	-	-	-	-	-	-	**(1,130)**
Revaluation increment/ (decrement)	17,433	(41,807)	-	-	-	-	-	-	-	-	**(24,374)**
Disposals	-	(8)	(1,684)	(14)	-	(1)	-	-	(1,040)	-	**(2,747)**
Depreciation expense	-	(8,611)	-	(1,576)	(114)	(214)	(6)	(686)	(1,232)	(916)	**(13,355)**
At 30 June 2012	**118,651**	**279,389**	**16,813**	**10,372**	**900**	**1,278**	**63**	**2,183**	**5,296**	**953**	**435,898**

9.4 Software/intangible assets

Previously the category of information technology included software intangible assets as these were of an immaterial nature. As there will be significant investment in software intangible assets over the next few years it has been decided to separate these two categories. Note 11 Intangible Assets gives further details of these assets.

9.5 Restricted assets

Included in the above total of freehold land is $400,000 representing land located at Longreach gifted to the Trust in 2003. In the event the Trust no longer requires the land, it is required to transfer the land to a similar organisation after consultation with the Longreach Shire Council.

Similarly, also included in the total of freehold land is $2.7m representing land located within the Lake Macquarie region gifted to the Trust in 2006. In the event the Trustee no longer requires the land it is required to transfer the land to a similar organisation after consultation with the Department of Health and Ageing.

9.6 Capitalised finance costs

	NOTE	2013 $'000	2012 $'000
Finance costs incurred			
The effective interest rate used in the allocation of finance costs		10.87%	9.62%
- Work in Progress		584	334

10. RETIREMENT VILLAGE ASSETS

	NOTE	2013 $'000	2012 $'000
Opening balance		584,992	591,903
Additions – work in progress	9.3	7,485	1,130
Transfers from the Trust's Assets		-	-
Additions – Capital improvements & CRF		6,314	4,117
Fair value adjustments		(37,983)	(12,158)
Total retirement village assets – at valuation		**560,808**	**584,992**

A valuation of retirement village assets by independent valuers was undertaken at 30 June 2013. The valuations comprise the "in-line" value of completed unsold/repurchased stock and rental dwellings; and assessed market value of the proprietary interest (DMF) secured by the existing resident contracts associated with those occupied dwellings.

Rental income and deferred management fee income, associated with retirement village assets of $14.9m (2012: $8.8m) is included in Note 5. Direct operating expenses, including repairs and maintenance, associated with retirement village assets of $10.19m (2012: $9.2m) is included and reported in the statement of profit or loss and other comprehensive income against the relevant line item.

11. INTANGIBLE ASSETS

	NOTE	2013 $'000	2012 $'000
Software & software licences			
Opening cost or valuation balances		1,385	420
Transferred in		3,237	215
Additions, separately acquired		148	750
Disposals		(300)	-
Closing cost or valuation balance		4,470	1,385
Amortisation & impairment			
Opening Balance		(625)	(420)
Amortisation	6	(395)	(205)
Impairment loss		-	-
Closing accumulated impairment		(1,020)	(625)
Net software & software licences		**3,450**	**760**
Total intangibles		**3,450**	**760**

12. TRADE AND OTHER PAYABLES

	NOTE	2013 $'000	2012 $'000 ** Reclassified*
CURRENT			
Unsecured Liabilities			
Resident loans	12.1	411,039	409,750
Accommodation bonds & resident funding	12.2	240,377	232,664
Other loans	12.3	3,649	5,333
Rental bonds		75	73
Trade payables		3,357	4,634
Accrued expenses		5,711	3,947
Other trade payables		1,482	305
Unearned revenue		2,245	2,544
Total trade & other payables		**667,935**	**659,250**

See Note 4 for details of Reclassification

12.1 Resident loans

Resident loans relate to equity-funded independent living unit agreements under which a proportion of the loan will be refundable to the resident upon cessation of occupancy. The amount refundable is based on a predetermined formula and is dependent on the prevailing market value at the cessation of occupancy and the duration of occupancy of the unit. The Trust guarantees repayment of the resident's loan within the earlier of six or twenty-four months (depending on the resident agreement) from cessation of occupancy or 14 days from receipt of a replacement resident's loan.

12.2 Accommodation bonds and resident funding

Accommodation bonds and resident funding represents amounts received from residents entering the Trust's aged care facilities for the purpose of receiving low-level care as defined by the Aged Care Act 1997. Each accommodation bond is refundable within 14 days upon receipt of Probate or Letters of Administration for deceased residents, or 14 days from advice of departure for residents transferred to another facility. The amount refundable is equal to the initial bond less a retention based on a predetermined formula in accordance with the Aged Care Act 1997.

With the implementation of Microsoft Dynamics, the unpaid accommodation bonds were established in the general ledger. This debt was not previously recognised in the prior general ledger of KCS. The 30 June 2013 bond receivable balance is $21.19m (2012 $26.82m). This is offset by a similar increase in the Accommodation Bonds liability. There is nil effect on the Net Assets or surplus of the Trust.

12.3 Other loans

Other loans represent amounts received into the Trustee's "non-deeming" fund on an interest-free basis from supporters of the Trustee's activities. Invariably, these loans have been received from intending aged care residents who have chosen to invest in the Fund in return for negotiating a reduction in their accommodation bond.

13. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and liabilities

13.1 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:

Financial assets	NOTE	2013 $'000	2012 $'000 * Reclassified
Non-current			
Loans receivable	8	2,740	2,787
Current			
Cash & cash equivalents	7	24,380	11,032
Trade & other receivables	8	27,691	30,029
Loans receivable	8	7	7
Total Financial Assets		**54,818**	**43,855**
Financial liabilities			
Financial liabilities measured at amortised cost:			
Non-current			
Borrowings	15	54,083	53,330
Other - Interest rate swap		1,081	1,947
Current			
Trade & other payables	12	667,935	659,250
Borrowings	15	500	420
Other - Interest rate swap		1,188	2,100
Total Financial Liabilities		**724,787**	**717,047**

See Note 4 for details of Reclassification

See note 2.4 (k), (l) & (m) for a description of the accounting policies for each category of financial instruments. Information relating to fair values is presented in the related notes. The methods used to measure fair value are described in note 12.2. A description of the Trustee's financial instrument risk, including risk management objectives and policies is given in note 20.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Long-term fixed rate and variable rate receivables/borrowings are evaluated by the Trustee based on parameters such as interest rates, individual credit worthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 30 June 2013, the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values.
- Fair value of unquoted available-for-sale financial assets is the sales contract price.
- The Trustee entered into a derivative financial instrument (interest rate swap) with a financial institution with an investment grade credit rating.
- At 30 June 2013, the Trustee had an interest rate swap agreement in place with a notional amount of $25m whereby the Trustee pays a fixed rate of interest of 7.49% and pays a variable rate equal to 2.7808% on the notional amount. The swap has been valued using a discounted cash flow valuation technique which is fair value. Any gain or loss is taken to the statement of profit or loss and other comprehensive income.

(i) Secured bank loan

On 28 June 2013 the Trust's bank facilities were renewed. These facilities have been restructured and extended to 28 June 2015. As part of this restructure, covenants over interest cover, leverage and gearing ratios were agreed. As at 30 June 2013 no breach of these covenants has been reported. The revolving cash advance facility is secured by fixed and floating mortgages or charges over all the Trust's assets and undertakings. The total amount repayable on maturity is $50m.

(ii) Unsecured Commonwealth Government loan

This loan has been provided to the Trust by the Department of Health and Ageing on behalf of the Commonwealth Government for the express purpose of capital works to provide residential aged care services in the aged care planning region of West Moreton in Queensland. The loan is fully drawn down to $5m and is repayable in 119 equal monthly instalments of $41,666 per month commencing in September 2012 with a final instalment of $41,666 due in August 2022.

13.2 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 Trust's financial assets and financial liabilities are as follows:

30-Jun-13	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Interest rate swap	2,270	-	-	2,270
Net fair value	**2,270**	**-**	**-**	**2,270**
30-Jun-12				
Liabilities				
Interest rate swap	4,047	-	-	4,047
Net fair value	**4,047**	**-**	**-**	**4,047**

(i) Measurement of fair value

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

14. PROVISIONS

	Employee Benefits $'000	Workplace Injury $'000	Other Provisions – restructuring, onerous contracts & insurance $'000	TOTAL $'000
2013				
Opening balance as at 1 July 2012	15,656	2,540	3,067	21,263
Additional provisions raised during the year	12,426	1,700	248	14,374
Amounts used	(11,753)	(800)	(3,067)	(15,620)
Actuarial report adjustment	-	(1,293)	-	(1,293)
Balance as at 30 June 2013	**16,329**	**2,147**	**248**	**18,724**
2012				
Opening balance as at 1 July 2011	13,101	2,257	100	15,458
Additional provisions raised during the year	14,308	1,524	2,967	18,799
Amounts used	(11,753)	(1,303)	-	(13,056)
Actuarial report adjustment	-	62	-	62
Balance as at 30 June 2012	**15,656**	**2,540**	**3,067**	**21,263**

Analysis of total provisions	2013 $'000	2012 $'000
Current	14,163	13,609
Non-current	4,561	7,654
Total	**18,724**	**21,263**

(i) Employee benefits

A provision has been recognised for employee benefits relating to annual leave and long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been included in Note 2.4 (u) (iii).

(ii) Workplace injury

Along with two other aged care providers, the Trustee is licensed to self insure workplace injury risks associated with employment in Queensland and accepts the risks previously insured via WorkCover Queensland. In return the Trust has greater control of the management of workplace injury and rehabilitation. The above provisions have been calculated by an independent actuarial consultant.

(iii) Restructuring provision

The provision relates to roles that have been restructured by the Trustee. The restructure was announced to employees in the 2012 financial year when the provision was recognised in the financial statements. The FY13 provision is for employees that left the organisation in June 2013 but will be paid their redundancy in July 2013.

(iv) Onerous contracts

The Trustee entered into contracts in 2007 for the staged acquisition of the four parcels of land at Sovereign Hills. On 30th June 2012 the Trustee recognised an onerous contract provision for $2,650,000 in respect to the 3 remaining parcels of land that had not at that date been acquired. Advice provided during the 2012-13 financial year has concluded that the Trustee's obligations under the contracts expired on 30 June 2011. The onerous contract provision has been reversed through statement of profit or loss and other comprehensive income in the current year.

(v) Insurance claim

During the financial year the Trust lodged an insurance claim for damage caused by a severe weather incident in January 2013. Three sites were affected, with the Bundaberg facility the worst affected. The claims have not yet been finalised and the anticipated amount that will not be recovered under the insurance claim has been provided for.

15. INTEREST BEARING LOANS AND BORROWINGS

	NOTE	2013 $'000	2012 $'000
CURRENT			
Unsecured Commonwealth Government loan		500	420
Total current interest bearing loans and borrowings		**500**	**420**
NON-CURRENT			
Secured bank loan		50,000	50,000
Unsecured Commonwealth Government loan		4,083	3,330
Total non-current interest bearing loans and borrowings		**54,083**	**53,330**

16. RESERVES

	NOTE	2013 $'000	2012 $'000
Asset revaluation reserve		61,448	162,385

The asset revaluation reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decreases relates to an increase on the same asset previously recognised in the reserve.

17. RELATED PARTIES DISCLOSURES

Compensation of key management personnel

Key management personnel are the directors and the executive management team of the Trustee. Key management personnel compensation includes the following expenses recognised during the reporting period:

	NOTE	2013 $'000	2012 $'000
Short-term employee benefits		3,163	2,064
Post-employment benefits		8	254
Other long-term benefits		232	192
Termination benefits		808	1,131
Total compensation		**4,211**	**3,641**

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

No Director or related party has entered into a material contract with the Trust since the end of the previous financial year and there are no material contracts involving Director's interests subsisting at year end. Directors may have family members or relatives who utilise the services that the Trust provides. Such transactions are conducted at arm's length.

18. SEGMENT INFORMATION

	Residential Aged Care		Other Business	
	2013 $'000	2012 $'000 * Reclassified	2013 $'000	2012 $'000 *Reclassified
Primary reporting – Business segments:				
Revenue:				
Resident charges	39,992	37,065	13,103	11,151
Government subsidies	130,800	129,053	37,463	33,501
Accommodation bond retentions	2,897	2,974	12,027	10,690
Fair value increment on retirement village assets	-	-	-	(12,158)
Profit on disposal of assets	6	-	203	50
Capital grants	3	32	16	1,450
Interest income	-	-	524	2,461
Donations	18	7	393	404
Other revenue	12,076	8,471	36,765	25,191
Total revenues	**185,792**	**177,602**	**100,494**	**72,740**
Expenses:				
Care employee expenses	(84,803)	(79,025)	(32,124)	(28,950)
Other employee expenses	(30,098)	(31,252)	(28,075)	(23,212)
Management fees	-	-	-	-
Interest expense	(57)	(3)	(2,485)	(5,957)
Depreciation & amortisation	(10,170)	(11,051)	(3,345)	(2,509)
Other expenses	(45,219)	(43,008)	(71,898)	(37,348)
Total expenses	**(170,347)**	**(164,339)**	**(137,927)**	**(97,976)**
Segment result from ordinary activities before income tax	**15,445**	**13,263**	**(37,433)**	**(25,236)**
Income tax expense relating to ordinary activities	-	-	-	-
Net profit from ordinary activities after related income tax expense	**15,445**	**13,263**	**(37,433)**	**(25,236)**
Segment assets:				
Segment current assets	56,013	38,565	10,326	5,628
Segment non-current assets	275,578	415,985	608,988	608,451
Total segment assets	**331,591**	**454,550**	**619,314**	**614,079**
Segment liabilities:				
Segment current liabilities	266,432	259,766	417,354	415,613
Segment non-current liabilities	47,780	50,345	11,945	12,586
Total segment liabilities	**314,212**	**310,111**	**429,299**	**428,199**
Net segment assets	**17,379**	**144,439**	**190,015**	**185,880**
Component of segment liabilities included above:				
Accommodation bond liabilities	240,376	232,664	-	-
Segment interest-bearing liabilities	-	-	50,000	50,000

See Note 4 for details of Reclassification

Segment information is provided to fulfil the requirements of the Aged Care Act 1997. In accordance with the Act the result of Residential Aged Care is disclosed separately to the other operations of the Trust. Costs that are directly attributable to Residential Aged Care are directly allocated to this segment while shared costs are allocated based on appropriate allocation methods.

19. COMMITMENTS AND CONTINGENCIES

(a) Operating lease commitments – Trustee as lessee

The Trustee has entered into commercial leases on office premises. These leases have an average life of between 1 and 5 years with many having renewal options included in the lease. There are no restrictions placed upon the Trustee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	NOTE	2013 $'000	2012 $'000
Within one year		900	900
After one year but not more than five years		2,085	689
More than five years		-	-
Total operating lease commitments as lessee		**2,985**	**1,589**

(b) Operating lease commitments – Trustee as lessor

	NOTE	2013 $'000	2012 $'000
Within one year		58	24
After one year but not more than five years		58	14
More than five years		-	-
Total operating lease commitments as lessor		**116**	**38**

(c) Capital Commitments

	NOTE	2013 $'000	2012 $'000
Total capital commitments		**119**	**36,620**
Capital commitments estimated to be expended within the next 12 months		119	5,655

(i) Property, plant and equipment commitments

The Trustee had no contractual obligations to purchase plant and equipment at balance date (2012: $368,000).

(ii) Commitments relating to retirement village assets

The Trustee has no contractual obligations to purchase retirement village assets.

At balance date the Trustee had no material contractual obligations in respect of repairs and maintenance of retirement village assets. The maintenance of retirement village assets is the responsibility of the residents in accordance with their residence agreement.

(iii) Guarantees

The Trustee has provided the following guarantees at 30 June 2013:

- Secured bank guarantees of $4,349,139 subject to annual review; and
- Registered equitable mortgage with the Commonwealth Bank of Australia by RSL Care Limited as trust for the Trust over all of the Trust assets and undertakings.

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

20.1 Financial instrument risk

Risk management objectives and policies

The Trustee is exposed to various risks in relation to financial instruments. The Trust's financial assets and liabilities by category are summarised in note 13.1. The main types of risks are market risk, credit risk and liquidity risk.

The Trustee's risk management is coordinated at its headquarters, and focuses on actively securing the Trustee'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 Trustee 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 Trustee is exposed are described below.

20.2 Market risk analysis

The Trustee 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.

(i) Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate debt arrangements. In order to increase certainty of interest payments, a portion of this debt has been fixed via a swap arrangement. At 30 June 2013, $25m of the debt is subject to this swap agreement at 7.49% with an expiry date of 16 June 2015.

The exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates of those financial assets and financial liabilities, is managed via a combination of (i) interest rate swap transactions, (ii) fixed rate agreements and (iii) market applicable interest rates.

The sensitivity analyses below relate to the position as at 30 June in 2013 and 2012 and have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives are all constant at 30 June 2013.

- In calculating the sensitivity analyses it has been assumed that the statement of financial position sensitivity relates to derivatives and available-for-sale debt instruments.

The sensitivity of the relevant statement of profit or loss and other comprehensive income item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 30 June 2013 and 2012.

(ii) Interest rate sensitivity

At 30 June 2013, the Trustee is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Trustee's investments in short and long term deposits all pay fixed interest rates.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 2.0% (2012: +/- 2.00%). 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.

At 30 June 2013, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

	2013		2012	
	Carrying Amount $'000	Net Fair Value $'000	Carrying Amount $'000	Net Fair Value $'000
Change in surplus				
- Increase in interest rate by 2%	(10)	(10)	(427)	(427)
- Decrease in interest rate by 2%	10	10	427	427
Change in equity				
- Increase in interest rate by 2%	(10)	(10)	(427)	(427)
- Decrease in interest rate by 2%	10	10	427	427

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

No sensitivity analysis has been performed on foreign exchange risk, as the entity is not exposed to foreign currency fluctuations.

20.3 Credit risk analysis

Credit risk is the risk that counterparty fails to discharge an obligation to the Trustee. The Trustee 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 Trustee's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

Classes of financial assets	NOTE	2013 $'000	2012 $'000 *Reclassified
Carrying amounts:			
Cash & short-term deposits	7	24,380	11,032
Trade & other receivables	8	27,698	30,036
Long term loan	13	2,740	2,787
Total		**54,818**	**43,855**

See Note 4 for details of Reclassification

The Trustee continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

The Trustee'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.

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:

	Gross Amount $000	Past due and impaired $000	Past due but not impaired $000	$000	$000	$000	Within initial trade terms $000
			(days overdue)				
2013			**<30**	**31-60**	**61-90**	**>90**	
Trade receivables	26,005	193	70	1,391	1,475	7,834	15,042
Sundry debtors	1,686	-	-	-	-	-	1,686
Other receivables	7	-	-	-	-	-	7
Total	**27,698**	**193**	**70**	**1,391**	**1,475**	**7,834**	**16,735**
2012							
Trade receivables	27,150	193	1,275	1,902	1,008	8,507	14,265
Sundry debtors	2,873	-	-	-	-	-	2,873
Other receivables	13	-	-	-	-	-	13
Total	**30,036**	**193**	**1,275**	**1,902**	**1,008**	**8,507**	**17,151**

In respect of trade and other receivables the Trustee, other than from subsidies paid by the Commonwealth and Queensland Government, is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

Trade receivables are reviewed annually for impairment. As at 30 June 2013 an amount of $274,000 is outstanding greater than 30 days. The Trustee has made a provision of $193,000 for impairment.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

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

The Trustee receives the majority of revenue from subsidies paid by the Commonwealth and Queensland Governments.

20.4 Liquidity risk analysis

Liquidity risk is the risk that the Trustee might be unable to meet its obligations. The Trustee 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.

The Trustee'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.

The Trustee considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Trustee's existing cash resources and trade receivables exceed the current cash outflow requirements. Cash flows from trade and other receivables are all contractually due within six months, except the amount receivable from the Scartwater (Aged Care) Trust.

As at 30 June 2013, the Trustee's financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current		Non-current	
30 June 2013	***Within 6 months* $'000**	***6 to 12 months* $'000**	**1 to 5 years $'000**	**Later than 5 years $'000**
Interest-bearing borrowings	250	250	54,083	-
Trade & other payables	667,935	-	-	-
Total	**668,185**	**250**	**54,083**	**-**

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

30 June 2012	**** Reclassified***			
Interest-bearing borrowings	210	210	53,330	-
Trade & other payables	659,250	-	-	-
Total	**659,460**	**210**	**53,330**	**-**

See Note 4 for details of Reclassification

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

The Trustee's principal financial liabilities comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Trustee's operations and to provide guarantees to support its operations. The Trustee has trade and other receivables, and cash and short-term deposits that arrive directly from its operations. The Trustee also enters into derivative transactions.

Trade payables mainly comprise resident loans and accommodation bonds totalling $651,416,000. The Trustee guarantees repayment of the resident's loan within the earlier of six or twenty-four months (depending on the resident agreement) from cessation of occupancy or 14 days from receipt of a replacement resident's loan. Each accommodation bond is refundable within 14 days upon receipt of Probate or Letters of Administration for deceased residents, or 14 days from advice of departure for residents transferred to another facility.

Finance management review on a regular basis the financial risk exposure and evaluate treasury management strategies in the context of current and forecast economic and industry conditions. The Trustee's overall risk management strategy seeks to assist it in meeting its financial targets, whilst minimising potential adverse effects on financial performance. The finance management team operates under policies approved by the Board of Directors including a Treasury Policy.

The Trustee is exposed to market risk, credit risk and liquidity risk.

(i) Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Trustee's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Trustee's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

The table below summarises the maturity profile of the Trustee's financial liabilities based on contractual undiscounted payments.

Year ended 30 June 2013	On demand $'000	Less than 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	> 5 years $'000	Total $'000
Interest-bearing loans & borrowings	-	125	375	54,083	-	**54,583**
Other liabilities	-	-	-	-	-	-
Trade & other payables	-	12,869	655,066	-	-	**667,935**
Financial guarantee contracts	-	-	-	-	-	-
Interest rate swap	-	297	891	1,081	-	**2,269**
	-	**13,291**	**656,332**	**55,164**	**-**	**724,787**

Year ended 30 June 2012	On demand $'000	Less than 3 months $'000 *Reclassified	3 to 12 months $'000	1 to 5 years $'000 *Reclassified	> 5 years $'000	Total $'000 *Reclassified
Interest-bearing loans & borrowings	-	105	315	53,330	-	**53,750**
Other liabilities	-	-	-	-	-	-
Trade & other payables	-	11,499	647,751	-	-	**659,250**
Financial guarantee contracts	-	-	-	-	-	-
Interest rate swap	-	525	1,575	1,947	-	**4,047**
	-	**12,129**	**649,641**	**55,277**	**-**	**717,047**

(ii) Capital management

Management ensures that adequate cash flows are generated to fund its activities and that returns from investments are maximised. The Finance and Audit Committee ensures that the overall risk management strategy is in line with this objective.

The Finance and Audit Committee operates under policies approved by the Trustee. Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

The net gearing ratio for the year ended 30 June 2013 was 26.32% (2012: 16%)

(iii) Collateral

The Trustee did not hold any collateral as at 30 June 2013 and 30 June 2012.

21. EVENTS AFTER THE REPORTING PERIOD

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation. The Trustee has the right to amend the financial statements after they have been issued.

22. NON-CURRENT ASSETS HELD FOR SALE

At 30 June 2013, the Trustee held several properties which had been identified for divestment. No contracts have to date been entered into over these properties.

These properties have been measured at assessed fair value less expected costs to sell.

23. AUDITORS' REMUNERATION

The auditor of RSL Care Limited as Trustee for the RSL QLD War Veterans' Homes Trust is Grant Thornton.

	NOTE	2013 $'000	2012 $'000
Amounts received or due & receivable by Grant Thornton for:			
- An audit or review of the financial report of the entity		69	89
- Other services in relation to the audit of the entity		65	61
- Other non-audit services		6	16
Total auditors' remuneration		**140**	**166**

24. ECONOMIC DEPENDENCY

The Trustee is dependent on government funding under the *Aged Care Act 1997* (C'th) for operation of its residential aged care facilities and community care packages. At the date of this report, there has been no indication that the government will be changing this type of funding.

25. TRUST CORPUS

The Trust was established by a Deed of Trust dated 13 December 1983 between the Returned Services League Queensland Branch as the Settlor and the Company as the Trustee. The Settlor paid an original endowment of $25 to the Company to establish the Trust. This initial trust corpus is not shown in the financial statements as all figures have been rounded to the nearest $'000.

26. TRUSTEE AND TRUST DETAILS

The registered office and principal place of business of the Trust is:-

RSL Care
301 Wickham Street
Fortitude Valley QLD 4006

Directors' Declaration

The Directors of the Company declare that:

1. The financial statements and notes, present fairly the Trust's financial position as at 30 June 2013 and its performance for the year ended on that date in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Trust Deed, and

2. In the Directors' opinion there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors of the Company.

[redacted]

Mr Patrick McIntosh
Chairman

27 September 2013

GrantThornton

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Independent Auditor's Report
To the Members of RSL QLD War Veterans' Homes Trust

We have audited the accompanying financial report of RSL QLD War Veterans' Homes Trust (the "Trust"), which comprises the statement of financial position as at 30 June 2013, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information to the financial report and the statement by the Directors of the Trustee Company.

Responsibility of the Directors of the Trustee Company for the financial report

The Directors of the Trustee Company of the Trust are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and Trust Deed. This responsibility includes such internal controls as the Directors of the Trustee Company determine are necessary to enable the preparation of the financial report to be 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 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 Trust'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 Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors of the Trustee Company, 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 applicable independence requirements of the Accounting Professional and Ethical Standards Board.

Auditor's Opinion

In our opinion, the financial report of RSL QLD War Veterans' Homes Trust;

i presents fairly, in all material respects, the Trust's financial position as at 30 June 2013 and of its performance and cash flows for the year then ended; and

ii complies with Australian Accounting Standards and the relevant legislation.

[redacted]

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

[redacted]

A F Newman
Partner - Audit & Assurance

Brisbane, 27 September 2013