HammondCare

ABN 48 000 026 219

Financial Report

For the Year Ended 30 June 2013

HammondCare

ABN 48 000 026 219

Contents

For the Year Ended 30 June 2013

The financial report covers HammondCare and it's consolidated entity, being the Company and its controlled entity, for the year ended 30 June 2013 The financial report is presented in the Australian currency.

The financial report was authorised for issue by the directors on 27 September 2013. The Company has the power to amend and reissue the financial report.

The directors of HammondCare (referred to as "HammondCare" or "the Company") present their report together with the financial report of the consolidated entity, being the Company and its controlled entity HammondCare Health and Hospitals Limited, ("consolidated entity" or "Group") for the financial year ended 30 June 2013 and the auditor's report.

1. **Directors**

The names and particulars of the directors of the Company during or since the end of the financial year are:

Rodney John Mewing

Qualifications	B Eng (Mech)
Experience	- Over thirty five years experience in senior management and marketing roles. - Currently Business Consultant within Business, Enterprise and Government Sales of the Telstra Corporation Limited. - Previous Managing Director of David Jones Australia Limited and CEO of Tempo Services Limited. - Chair of the Board Development Committee. - Member of the Finance Committee - Member of the Risk and Compliance Committee. - Member of the Property Committee. - Member of the Research Committee. - Member of The HammondCare Foundation Committee. - Became a Director in 2003. - Appointed Director of HammondCare Health and Hospitals Limited 30 June 2008. - Chairman since November 2009

Susan Elizabeth Kurrle

Qualifications	MB BS Ph D (Med.) Dip Ger Med.
Experience	- Geriatrician at Hornsby Ku-ring-gai and Eurobodalla Health Services. -Clinical Network Director of Aged Care and Rehabilitation for Northern Sydney Local Health District. - Member Northern Sydney Local Health District Board. -Director National Health and Medical Research Council Partnership Centre on Cognitive Decline - Appointed to the Curran Chair in Health Care of Older People in the Faculty of Medicine at the University of Sydney in November 2005. - Chair of the Research Committee. - A Director since 1998. - Deputy Chairman since 2004. - Appointed Director of HammondCare Health and Hospitals Limited 30 June 2008

Rosemary Bond

Qualifications	Grad Dip Admin (Social) Assoc. Dip Nursing Admin Dip. Theology
Experience	- A career of over 40 years in nursing and administration. - 15 years at the Royal North Shore Hospital - 10 years as HammondCare's Director of Care Services. - 8 years in service development and pastoral care with HammondCare. - Fellow of the Australian College of Nursing. - Chair Risk and Compliance Committee. - A director since 2006. - Appointed Director of HammondCare Health and Hospitals Limited 30 June 2008

Directors' Report
For the Year Ended 30 June 2013

1. **Directors (continued)**

John Kightley	
Qualifications	BCom, MPhil (Oxon), CA(SA),CFA Institute USA
Experience	- Non-executive Director and member of the Investment Strategy and Due Diligence and Remuneration Committees of Maple-Brown Abbott Ltd. - Previous Managing Director and CEO of Maple-Brown Abbott Ltd - Previously held senior executive positions at Norwich Investment Management Ltd and Allan Gray Investments (Cape Town, South Africa). - Previous Member of Barker College School Council and currently a member of Governance, Audit and Compliance Committee Barker College. - Chair of the HammondCare Foundation. - Member of the Board Development Committee. - Church Warden and Treasurer, St Swithun's Anglican Church, Pymble. - Elected as Director 4 November 2009. - Appointed Director of HammondCare Health and Hospitals Limited 4 November 2009.
Neil Lewis	
Experience	- Over 30 years experience in commerce, merchant banking, project financing, aviation and financial markets in Australia and overseas. - Currently has business interests in the developing renewable energy sector and infrastructure. - Founding Director of Lloyd Energy Systems Pty Ltd. - Consultant/Adviser to board of directors of ASX listed CBD Energy Limited. - Member of AMP Infrastructure Equity Fund Investment Committee - Member of Finance Committee - Previous Acting Chair of the Property Committee. - A Director since 2005. - Appointed Director of HammondCare Health and Hospitals Limited 30 June 2008.
Michael Monaghan	
Qualifications	BA (Actuarial Studies) Macquarie University
Experience	- Fellow of the Institute of Actuaries of Australia. - Fellow of the Institute of Actuaries – London. - Fellow of the Australian Institute of Company Directors - Managing Director, State Super Financial Services Australia Limited. - Formerly a Partner of Deloitte Touche Tohmatsu and held senior executive positions at Intech Investment Consultants, Deutche Bank AG, IBM and Lend Lease Corporation - Chair of Finance Committee. - Member of the Property Committee - Appointed Director 29 January 2008 - Appointed Director of HammondCare Health and Hospitals Limited 30 June 2008
Louise Parkes	
Qualifications	BSc (Psychology) PhD (Psychology)
Experience	- Senior Consultant, Voice Project. - Registered Psychologist. - Member of the Australian Psychological Society. - Previously Contract Associate DDI Asia Pacific. - Previously International Conference Organiser AGSM. - Previously Associate Lecturer School of Psychology UNSW. - Member of the Risk and Compliance Committee. - Member of the Research Committee - Elected as Director 3 November 2010. - Appointed Director of HammondCare Health and Hospitals Limited 8 December 2010.

Directors' Report
For the Year Ended 30 June 2013

1. **Directors (continued)**

Robyn Langsford

Qualifications	BComm, Chartered Accountant
Experience	-Registered Tax Agent -Manager, KPMG Superannuation Services Pty Limited. -Worked with KPMG for over 20 years in accounting, audit, tax regulatory compliance and advisory services to Australian and foreign owned mid-tier and large corporations -Previous HammondCare Director. -Member of the Finance Committee. -Appointed as a Director on 7 November 2012 -Appointed Director of HammondCare Health and Hospitals Limited 7 November 2012.

Keith Reynolds

Qualifications	BSc, CEng, CDipA&F, FAICD
Experience	-30 years of international responsibility gained across planning, design and construction in the infrastructure and building sectors. -From 2000 to 2009 was Managing Director, Australasia-Asia for Hyder Consulting Plc and appointed to the Group Board as Executive Director. -From 2009 to 2011 was CEO and Executive Director, Beca Group Ltd, New Zealand. -Chair of the Property Committee. -Appointed as a Director on 7 November 2012. -Appointed Director of HammondCare Health and Hospitals Limited 7 November 2012.

Meetings of directors

During the financial year, 8 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
R Mewing	8	8
S Kurrle	8	6
R Bond	8	8
J Kightley	8	7
N Lewis	8	5
M Monaghan	8	8
L Parkes	8	7
K Reynolds	5	5
R Langsford	5	5

Insurance premiums

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company, the Company secretary, and all executive officers of the Company against a liability incurred as a director, secretary or executive. On 14 December 2012, the Company executed Deeds of access, insurance and indemnity with its Directors Robyn Langsford and Keith Reynolds. Particulars of premiums paid by the Company are prohibited from disclosure under the terms of the insurance contracts and policies.

Board committees

The Board has established the following committees - Finance, Risk and Compliance, Research, Property and The HammondCare Foundation. The following table sets out the number of committee meetings held during the financial year and the number of meetings attended by each director who was a member of that committee (while they were a member):

	Finance Committee		Risk & Compliance Committee		Research Committee		Property Committee		The HammondCare Foundation	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
R Mewing	3	1	4	2	2	1	4	2	3	1
S Kurrle	-	-	-	-	2	2	-	-	-	-
R Bond	-	-	4	4	-	-	-	-	-	-
J Kightley	-	-	-	-	-	-	-	-	3	3
N Lewis	3	2	-	-	-	-	2	1	-	-
M Monaghan	3	3	-	-	-	-	4	4	-	-
L Parkes	-	-	4	4	2	2	-	-	-	-
K Reynolds	-	-	-	-	-	-	2	2	-	-
R Langsford	2	2	-	-	-	-	-	-	-	-

2. Company Officers

Stephen Edwin Judd BA PhD

- Chief Executive since 1995.

- Over 20 years experience in the health care and information technology industries.

- Director of Community Council for Australia.

- Appointed Company Secretary in 1997.

David Alan Lewis B.Comm LLB ACSA

- Appointed Company Secretary 29 October 2003.

- Company Secretary Australian Wool Innovation Limited 2001-2003.

- 17 years experience in law and industrial relations

Directors' Report
For the Year Ended 30 June 2013

3. Company Particulars

HammondCare, incorporated and domiciled in Australia, is a public Company limited by guarantee The address of the registered office is:

Level 2

447 Kent Street

SYDNEY NSW 2000

HammondCare is a registered charity and tax deductible gift recipient.

4. Principal Activities

The principal activities of the Group during the financial year were provision of residential, community aged care services, and health and hospital services.

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

5. Statement of Company's Short and Long Term Objectives

HammondCare's passion is improving quality of life for people in need, regardless of their circumstances. HammondCare specialises in serving people with complex health or aged-related needs in dementia and aged care, palliative care, rehabilitation and older persons' mental health

Regarded nationally and internationally as one of Australia's most innovative health and aged care providers, HammondCare offers hospital care, residential care and community services throughout NSW with a particular commitment to dementia care and people who are financially disadvantaged.

With a policy of continued improvement, HammondCare's short and long term objectives include extending the reach of its health and aged care services to more people in need and continuing to develop evidence-based, best practice care.

As an independent Christian charity, the work of HammondCare is motivated by Christian principles and values expressed in the words and deeds of Jesus Christ.

6. Members Guarantee

At balance date the Company had 29 (2012: 28) members and they have guaranteed to pay $100 on winding up of the organisation if required.

7. Operating results and review of operations for the year

HammondCare delivered a sound 2012-13 result with the consolidated surplus of the Group amounting to $ 10,206,000 (2012. $ 6,313,000).

In relative terms, the financial year's surplus is slightly below the 2011-2012 surplus, after adjusting for a significant event. The significant event was the write back of previously recorded liabilities of $4.8 million, which are no longer payable.

Relative to the prior year, the current year's result was negatively impacted by the establishment and commissioning costs, associated with opening the Miranda residential facility.

7. **Operating results and review of operations for the year (continued)**

The current year's other comprehensive income of $3.6 million has been impacted by higher investment returns and reflects broader investment trends throughout the year.

The 2012-13 result was achieved through prudent management, complemented by an increase in services and $17.9 million of capital expenditure, ensuring continued service growth:

- Revenue increased by 11.8% on the previous year to $162.8m;
- In line with growth in services, labour costs increased by 8.4% to $112 7 million,
- Spending on capital works reached $17.9m reflecting a continued commitment to service development and delivery; and
- Net assets increased by $13.8m for the year to $151.3 million.

8. **Non-Audit Services**

During the year Nexia Court & Co, the Company's auditor, has performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services is compatible with and did not compromise the auditor independence requirements of the Corporations Act.

9. **Significant changes in state of affairs**

There have been no significant changes in the state of affairs of entities in the Group during the year.

10. **After balance date events**

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

11. **Future developments**

HammondCare will continue to pursue its short and long term objectives and seek to achieve positive operating results in doing so.

12. **Environmental issues**

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group

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Directors' Report

For the Year Ended 30 June 2013

13. Auditors independence declaration

The auditors independence declaration for the year ended 30 June 2013 has been received and can be found on page 8 of the financial report.

14. ASIC class order 98/100 rounding of amounts

The Company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars.

Signed in accordance with a resolution of the directors:

Director: ....

Rod Mewing

Sydney

Dated: 27 September 2013

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Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 HammondCare and Controlled Entities

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of HammondCare.

As engagement partner for the audit of the financial statements of HammondCare for the financial year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

David Gallery
Partner

Nexia Court & Co

Nexia Court & Co
Chartered Accountants

Dated: 27 September 2013

Sydney

Sydney Office
Level 16, 1 Market Street, Sydney NSW 2000
PO Box H195, Australia Square NSW 1215
p +61 2 9251 4600, f +61 2 9251 7138
info@nexiacourt.com.au, www.nexia.com.au

nexia australia

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Independent Audit Report to the members of HammondCare

Report on the Financial Report

We have audited the accompanying financial report of HammondCare ("the Company"), which comprises the statement of financial position as at 30 June 2013, 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, and the directors' declarations of the Company and the consolidated entity (or "the Group") comprising HammondCare and the entity it controlled at year end and during the financial year.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, the *Corporations Act 2001* and the *Charitable Fundraising Act 1991* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are appropriate in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of HammondCare, would be in the same terms if given to the directors as at the time of this auditor's report.

Sydney Office
Level 16, 1 Market Street, Sydney NSW 2000
PO Box H195, Australia Square NSW 1215
p +61 2 9251 4600, f +61 2 9251 7138
info@nexiacourt.com.au, www.nexia.com.au

nexia
australia

Independent Audit Report to the members of HammondCare

Opinion pursuant to the Corporations Act 2001

In our opinion the financial report of HammondCare is in accordance with the *Corporations Act 2001*, including

(a) giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2013 and of their performance for the year ended on that date; and

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

Opinion pursuant to the Charitable Fundraising (NSW) Act 1991

In accordance with the requirements of the *Charitable Fundraising Act 1991*, we hereby report that in our opinion.

(a) the financial report gives a true and fair view of the financial result of fundraising appeal activities for the financial year ended 30 June 2013;

(b) the financial report and associated records of HammondCare have been properly kept during the year ended 30 June 2013 in accordance with the *Charitable Fundraising Act 1991*;

(c) money received as a result of fundraising appeals conducted during the year ended 30 June 2013, has been properly accounted for and applied in accordance with the *Charitable Fundraising Act 1991*; and

(d) there are reasonable grounds to believe that HammondCare will be able to pay its debts as and when they fall due

David Gallery
Partner
Nexia Court & Co.

Nexia Court & Co
Chartered Accountants

Sydney

Dated: 27 September 2013

HammondCare

ABN 48 000 026 219

Directors' Declarations

Declaration pursuant to the Corporations Act 2001

In the opinion of the directors of the Company:

1. the consolidated financial statements and notes, as set out on pages 13 to 52, are in accordance with the *Corporations Act 2001* and:

    (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*; and

    (b) give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the Company and consolidated entity; and

2. there are reasonable grounds to believe that the Company and consolidated entity 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 directors.

Director ....
Rod Mewing

Sydney

Dated: 27 September 2013

HammondCare

ABN 48 000 026 219

Directors' Declarations

Declaration pursuant to the Charitable Fundraising Act (NSW) 1991

In the opinion of the directors of the Company:

(a) the financial report gives a true and fair view of all income and expenditure of the Company and consolidated entity with respect to fundraising appeal activities as at 30 June 2013; and

(b) the statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeal activities as at 30 June 2013; and

(c) the provisions of the Charitable Fundraising Act 1991 and Regulations and the conditions attached to the authority have been complied with for the financial year ended 30 June 2013; and

(d) the internal controls exercised by the Company and consolidated entity are appropriate and effective in accounting for all income received and applied from any fundraising appeals.

Director ....

Rod Mewing

Sydney

Dated: 27 September 2013

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2013

		Consolidated		Parent	
	Note	2013 000's $	2012 000's $	2013 000's $	2012 000's $
Revenue	3	**162,844**	145,576	**105,196**	99,458
Other income	3	**2,833**	110	**2,814**	90
		165,677	145,686	**108,010**	99,548
Employee benefits expense		**(112,745)**	(104,018)	**(73,995)**	(69,375)
Depreciation & amortisation expense	4	**(6,686)**	(5,625)	**(6,356)**	(5,304)
Finance costs	4	**(1,982)**	(1,293)	**(2,230)**	(2,276)
Impairment expense	4,14	**(3,000)**	(25)	**(2,860)**	(25)
Support services & operational expenses		**(31,058)**	(28,412)	**(18,037)**	(15,958)
Surplus for the Year		**10,206**	6,313	**4,532**	6,610
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Net (loss)/gain on revaluation of land and buildings		**(142)**	2,060	**(142)**	2,060
		(142)	2,060	**(142)**	2,060
Items that may be reclassified subsequently to profit or loss:					
Changes in fair value of available-for-sale financial assets		**3,737**	(421)	**3,737**	(421)
		3,737	(421)	**3,737**	(421)
Other comprehensive income for the year		**3,595**	1,639	**3,595**	1,639
Total comprehensive income for the year		**13,801**	7,952	**8,127**	8,249

The accompanying notes form part of these financial statements.

HammondCare
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Statement of Financial Position
As At 30 June 2013

	Note	Consolidated 2013 000's $	Consolidated 2012 000's $	Parent 2013 000's $	Parent 2012 000's $
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	6	2,102	2,504	1,892	1,128
Trade and other receivables	7	24,867	12,677	20,742	9,519
Held to maturity investments	8	30,000	22,280	30,000	22,280
Available-for-sale financial assets	9	31,242	25,419	31,242	25,419
Other assets	10	1,216	591	1,176	566
TOTAL CURRENT ASSETS		89,427	63,471	85,052	58,912
NON-CURRENT ASSETS					
Property, plant and equipment	11	204,386	194,486	202,367	193,232
Investment property	13	52,575	52,575	52,575	52,575
Intangible assets	14	24,030	24,270	23,190	23,290
Other assets	10	-	-	2,500	2,500
TOTAL NON-CURRENT ASSETS		280,991	271,331	280,632	271,597
TOTAL ASSETS		370,418	334,802	365,684	330,509
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	15	13,900	15,720	9,646	7,710
Employee benefits	16	15,090	14,747	6,123	5,976
Borrowings	17	1,621	1,600	19,058	17,273
Accommodation bonds within 12 months	19	24,553	18,703	24,553	18,703
Accommodation bonds after 12 months	19	73,658	56,109	73,658	56,109
Entry contributions within 12 months	20	2,296	1,870	2,296	1,870
Entry contributions after 12 months	20	36,445	29,291	36,445	29,291
Other liabilities	18	3,470	3,923	3,298	3,827
TOTAL CURRENT LIABILITIES		171,033	141,963	175,077	140,759
NON-CURRENT LIABILITIES					
Employee benefits	16	1,608	1,324	1,394	1,125
Borrowings	17	46,491	54,030	46,491	54,030
TOTAL NON-CURRENT LIABILITIES		48,099	55,354	47,885	55,155
TOTAL LIABILITIES		219,132	197,317	222,962	195,914
NET ASSETS		151,286	137,485	142,722	134,595
EQUITY					
Reserves	21	48,019	44,424	48,019	44,424
Accumulated surplus	22	103,267	93,061	94,703	90,171
TOTAL EQUITY		151,286	137,485	142,722	134,595

The accompanying notes form part of these financial statements

HammondCare

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Statement of Changes in Equity

For the Year Ended 30 June 2013

2013		Parent				
		Accumulated surplus	Asset Revaluation Reserve	General Reserves	Financial Assets Reserve	Total
		000's	000's	000's	000's	000's
	Note	$	$	$	$	$
Balance at 1 July 2012		90,171	44,798	-	(374)	134,595
Surplus for the year		4,532	-	-	-	4,532
Total other comprehensive income for the year		-	(142)	-	3,737	3,595
Balance at 30 June 2013		94,703	44,656	-	3,363	142,722

2012		Parent				
		Accumulated surplus	Asset Revaluation Reserve	General Reserves	Financial Assets Reserve	Total
		000's	000's	000's	000's	000's
		$	$	$	$	$
Balance at 1 July 2011		79,811	43,628	3,750	47	127,236
Retrospective adjustment upon change in accounting policy	26	-	(890)	-	-	(890)
Restated total equity at the beginning of the financial year		79,811	42,738	3,750	47	126,346
Surplus for the year as reported in the 2012 financial statements		6,635	-	-	-	6,635
Retrospective adjustment upon change in accounting policy		(25)	-	-	-	(25)
Restated surplus for the year		6,610	-	-	-	6,610
Total other comprehensive income for the year		-	2,060	-	(421)	1,639
Transactions with owners in their capacity as owners						
Transfers from general reserves to retained earnings		3,750	-	(3,750)	-	-
Balance at 30 June 2012		90,171	44,798	-	(374)	134,595

The accompanying notes form part of these financial statements

HammondCare
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Statement of Changes in Equity
For the Year Ended 30 June 2013

2013

		Consolidated				
		Accumulated surplus	Asset Revaluation Reserve	General Reserves	Financial Assets Reserve	Total
		000's	000's	000's	000's	000's
	Note	$	$	$	$	$
Balance at 1 July 2012		93,061	44,798	-	(374)	137,485
Surplus for the year		10,206	-	-	-	10,206
Total other comprehensive income for the year		-	(142)	-	3,737	3,595
Balance at 30 June 2013		103,267	44,656	-	3,363	151,286

2012

		Consolidated				
		Accumulated surplus	Asset Revaluation Reserve	General Reserves	Financial Assets Reserve	Total
		000's	000's	000's	000's	000's
		$	$	$	$	$
Balance at 1 July 2011		82,998	43,628	3,750	47	130,423
Retrospective adjustment upon change in accounting policy	26	-	(890)	-	-	(890)
Restated total equity at the beginning of the financial year		82,998	42,738	3,750	47	129,533
Surplus for the year as reported in the 2012 financial statements		6,338	-	-	-	6,338
Retrospective adjustment upon change in accounting policy		(25)	-	-	-	(25)
Retrospective adjustment upon change in accounting policy		6,313	-	-	-	6,313
Total other comprehensive income for the year		-	2,060	-	(421)	1,639
Transactions with owners in their capacity as owners						
Transfers from general reserves to retained earnings		3,750	-	(3,750)	-	-
Balance at 30 June 2012		93,061	44,798	-	(374)	137,485

The accompanying notes form part of these financial statements.

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Statement of Cash Flows
For the Year Ended 30 June 2013

	Note	Consolidated 2013 000's $	Consolidated 2012 000's $	Parent 2013 000's $	Parent 2012 000's $
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts in the normal course of operations		**187,069**	163,091	**124,504**	111,831
Payments in the normal course of operations		**(154,131)**	(139,572)	**(92,407)**	(88,836)
Interest received		**2,253**	1,902	**2,240**	1,804
Interest and other costs of finance paid		**(2,377)**	(2,474)	**(3,001)**	(3,456)
Net cash provided by operating activities	25	**32,814**	22,947	**31,336**	21,343
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from held-to-maturity assets		**-**	5,000	**-**	-
Payment for property, plant and equipment		**(17,878)**	(35,625)	**(16,966)**	(34,858)
Proceeds from sale of property, plant and equipment		**900**	796	**868**	741
Payments for available-for-sale investments		**(1,000)**	-	**(1,000)**	-
Payment for held-to-maturity investments		**(7,720)**	(9,280)	**(7,720)**	(9,280)
Net cash used by investing activities		**(25,698)**	(39,109)	**(24,818)**	(43,397)
CASH FLOWS FROM FINANCING ACTIVITIES:					
(Repayment) / proceeds from borrowings		**(7,518)**	14,830	**(7,518)**	14,830
Intercompany loan payments		**-**	-	**1,764**	5,143
Net cash (used by) / provided by financing activities		**(7,518)**	14,830	**(5,754)**	19,973
Net (decrease)/increase in cash and cash equivalents held		**(402)**	(1,332)	**764**	(2,081)
Cash and cash equivalents at beginning of year		**2,504**	3,836	**1,128**	3,209
Cash and cash equivalents at end of financial year	6	**2,102**	2,504	**1,892**	1,128

The accompanying notes form part of these financial statements.

HammondCare (the 'Company') is a Company domiciled in Australia. The address of the Company's registered office is Level 2, 447 Kent St, Sydney, NSW, 2000. The consolidated financial statements comprise the Company and its subsidiary (together referred to as the 'Group') The Group is primarily involved in providing health & hospital, residential and community aged care services HammondCare is a not-for-profit Company.

1 Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The consolidated financial statements of HammondCare comply with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

The Group has elected to apply the following pronouncement to the annual reporting period beginning 1 July 2012:

- AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities

The consolidated financial statements were authorised for issue by the directors on 27 September 2013.

Rounding of amounts

The Company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements have been rounded to the nearest thousand dollars.

(b) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency

(d) Critical accounting estimates and judgments

The preparation of financial statements requires management and directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

1 Summary of Significant Accounting Policies (continued)

(d) Critical accounting estimates and judgments (continued)

Key estimates - impairment of property, plant and equipment

The Group assesses impairment at the end of each reporting period by evaluating conditions specific to the Group that may be indicative of impairment triggers Recoverable amounts of relevant assets are reassessed using fair value less costs to sell calculations which incorporate various key assumptions.

Key estimates - impairment of bed licences

The Group assesses impairment at the end of each reporting period by evaluating conditions specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using fair value less costs to sell calculations which incorporate various key assumptions.

Key judgments - provision for impairment of receivables

The value of the provision for impairment of receivables is estimated by considering the ageing of receivables, communication with the debtors and prior history.

Key estimates - fair value of land & buildings and investment properties

The Group carries its land & buildings and investment properties at fair value with changes in the fair value recognised in the revaluation reserve. Independent valuations are obtained at least triennially and at the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent valuations and movements in the market.

Change in accounting estimates

During the current financial year the Group clarified Government funding arrangements for the provision of services, and entered into a new service agreement ('the agreement') A consequence of entering into the agreement, is that liabilities properly recorded in prior periods are no longer payable On that basis the directors have revised certain accounting estimates previously classified and disclosed as Trade and Other Payables in prior year financial statements. The aggregate of the revision of the accounting estimates is $4.75m. The aggregate of the revision has been classified and presented in the current financial year financial statements as Operating Grants (refer Note 3). It is not expected that the revision of these accounting estimates will have any effect on future financial years.

(e) Revenue and other income

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as discussed below

Revenue is measured at the fair value of the consideration received or receivable after taking into account any discounts or rebates allowed All revenue is stated net of the amount of goods and services tax (GST)

Grant revenue

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met.

1 **Summary of Significant Accounting Policies (continued)**

(e) **Revenue and other income (continued)**

Client fees

Client fees are recognised on an accruals basis by reference to the stage of completion of service to the client.

Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset

Sale of non-current assets

The proceeds of non-current asset sales are included as other income at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Trust distributions

Revenue from trust distributions is recognised when declared.

Other income

Income from other sources is recognised when the fee in respect of the products or services provided is receivable

Provision of services

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed.

Contribution of assets

Revenue arising from the contribution of assets is recognised when the Company gains control of the contribution or the right to receive the contribution. This includes revenue arising from the contribution of bed licences which is recognised at fair value on contribution (refer note 1 (n)).

(f) **Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

Notes to the Financial Statements
For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies (continued)

(g) Income tax

HammondCare and its controlled entity are income tax exempt pursuant to Section 50-5 of the Income Tax Assessment Act 1997.

(h) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for that period

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Company will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

(i) Acquisition of assets

The purchase method of accounting is used to account for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

(j) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount The recoverable amount is the higher of an asset's fair value less costs to sell and value in use For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Assets, other than goodwill that have an allocated impairment loss are reviewed for reversal indicators at the end of each reporting period. After recognition of an impairment loss, the amortisation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount on a systematic basis over its remaining useful life.

Impairment losses are recognised as an expense immediately, unless the relevant asset is property, plant and equipment held at fair value (other than investment property carried at a revalued amount) in which case the impairment loss is treated as a revaluation decrease as described in the accounting policy for property, plant and equipment.

1 Summary of Significant Accounting Policies (continued)

(k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 60-days from the date of recognition.

Collectibility of trade receivables is reviewed on an ongoing basis Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

(l) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument For financial assets, this is the equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through the Statement of Profit or Loss and Other Comprehensive Income' in which case transaction costs are expensed to the Statement of Profit or Loss and Other Comprehensive Income immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

(a) the amount at which the financial asset or financial liability is measured at initial recognition;

(b) less principal repayments;

(c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and

(d) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in the Statement of Profit or Loss and Other Comprehensive Income.

The classification of financial instruments depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and at the end of each reporting period for held-to-maturity assets.

1 Summary of Significant Accounting Policies (continued)

(l) Financial instruments (continued)

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Financial assets at fair value through the Statement of Profit or Loss and Other Comprehensive Income

Financial assets are classified at 'fair value through the Statement of Profit or Loss and Other Comprehensive Income' when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in the Statement of Comprehensive Income.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost .

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to be realised within 12 months after the end of the reporting period, which will be classified as current assets.

If during the period the Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be realised within 12 months after the end of the reporting period.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost Fees payable on the establishment of loan facilities are recognised as transaction costs of the loan.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

1 Summary of Significant Accounting Policies (continued)

(l) Financial instruments (continued)

Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance date. The quoted market price used for financial assets held by the Company is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

Impairment

Objective evidence that a financial asset is impaired includes default by a debtor, evidence that the debtor is likely to enter bankruptcy or adverse economic conditions in the stock exchange. At the end of each reporting period, the Group assess whether there is objective evidence that a financial asset has been impaired through the occurrence of a loss event. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to indicate that an impairment has arisen.

Where a subsequent event causes the amount of the impairment loss to decrease (e.g. payment received), the reduction in the allowance account (provision for impairment of receivables) is taken through the Statement of Profit or Loss and Other Comprehensive Income.

However, any reversal in the value of an impaired available for sale asset is taken through other comprehensive income rather than the Statement of Profit or Loss and Other Comprehensive Income.

Impairment losses are recognised through an allowance account for loans and receivables in the Statement of Profit or Loss and Other Comprehensive Income

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the Statement of Profit or Loss and Other Comprehensive Income

When available-for-sale investments are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to the Statement of Profit or Loss and Other Comprehensive Income

1 **Summary of Significant Accounting Policies (continued)**

(m) 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

Land and buildings are shown at fair value, based on periodic, but at least triennial valuations undertaken by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company 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

Increases in the carrying amounts arising on revaluation of land and buildings are credited to property, plant and equipment reserve in shareholders' equity To the extent that the increase reverses a decrease previously recognised in the statement of profit or loss and other comprehensive, the increase is first recognised in the statement of comprehensive income. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the statement of comprehensive income.

Depreciation

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives.

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

Buildings	40 years
Plant and Equipment	3-10 years
Motor Vehicles	6-7 years

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount These gains and losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is remeasured to fair value and reclassified as investment property. Any gain or loss arising on remeasurement is recognised in the statement of comprehensive income.

1 Summary of Significant Accounting Policies (continued)

(n) Bed licences

Revenue from bed licences is recognised when those licences are granted to the Group by the Department of Health and Ageing and become operational The value attributed to such licences is in accordance with an independent valuation being the fair value of those licences when they become operational. Revenue recognised from these contributions also results in the recognition of the 'Non-Current Assets – Bed Licences'. Refer to notes 14 and 26.

Subsequent to initial recognition at fair value, bed licences are carried at deemed cost. They are tested, and where necessary, adjusted for impairment at subsequent balance date.

(o) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(p) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at nominal values.

Retirement benefit obligations

The Company contributes to an accumulation superannuation plan. Contributions are charged against income as they are made.

(q) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes Investment property is measured at fair value with any change therein recognised in the statement of comprehensive income.

1 Summary of Significant Accounting Policies (continued)

(r) Accommodation bonds

Accommodation bond contributions are received from incoming residents and are recognised as liabilities of the entity upon receipt. AASB 101 'Presentation of Financial Statements' requires the liabilities to be classified as current as the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date The liabilities are reduced in accordance with the various resident agreements. These reductions are recorded as income in the statement of comprehensive income. Repayment of the contributions are also in accordance with the various resident agreements

(s) Entry loan contributions

Entry loan contributions are received from incoming residents and are recognised as liabilities of the entity upon receipt. AASB 101 'Presentation of Financial Statements' requires the liabilities to be classified as current as the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date The liabilities are reduced in accordance with the various resident agreements. These reductions are recorded as income in the statement of comprehensive income. Repayment of the contributions are also in accordance with the various resident agreements. Interest is not payable on these liabilities.

(t) Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in the statement of comprehensive income using the effective interest method.

Finance expense comprises interest expense on borrowings. All borrowings costs are recognised in the statement of comprehensive income using the effective interest method.

(u) Basis of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the Company (the parent entity) and its subsidiary as defined in Accounting Standard AASB 127 'Consolidated and Separate Financial Statements'. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceeds the cost of acquisition, the deficiency is credited to the statement of comprehensive income in the period of acquisition.

The consolidated financial statements include the information and results of each subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control such entity. In preparing the consolidated financial statements, all inter Company balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

(v) Investment in controlled entity

The investment in controlled entity is recorded at cost. Refer note 10

2 Financial Risk Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, and equity price risk.

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bank loans and overdrafts, loans to and from subsidiaries, bills, and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

		Consolidated		Parent	
		2013	2012	2013	2012
		000's	000's	000's	000's
	Note	$	$	$	$
Financial Assets					
Cash and cash equivalents	6	**2,102**	2,504	**1,892**	1,128
Held-to-maturity investments	8	**30,000**	22,280	**30,000**	22,280
Available-for-sale financial assets	9	**31,242**	25,419	**31,242**	25,419
Total financial assets		**63,344**	50,203	**63,134**	48,827
Financial Liabilities					
Financial liabilities at amortised cost					
- Trade and other payables	15	**13,900**	15,720	**9,646**	7,710
- Borrowings	17	**48,112**	55,630	**48,112**	55,630
Total financial liabilities		**62,012**	71,350	**57,758**	63,340

Financial risk management policies

The Board of Directors has overall responsibility for the establishment of the Group's financial risk management framework. This includes the development of policies covering specific areas such as interest rate risk, credit risk and the use of derivatives

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Board has established the Finance Committee, which is responsible for developing and monitoring financial risk management policies The committee reports regularly to the Board of Directors on its activities.

The Finance Committee is established to identify and analyse the financial and related risks faced by the Company and Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's and Group's activities. The Company and Group, through their training and management standards and procedures, aim to develop a disciplined and constructive financial control environment in which all employees understand their roles and obligations.

The Company's Finance Committee oversees how management monitors financial compliance with the Company's financial risk management policies and procedures and reviews the adequacy of the financial risk management framework in relation to the risks faced by the Company.

2 Financial Risk Management (continued)

Financial risk management policies (continued)

The Company's operational risks are overseen by the Company's Risk & Compliance Committee, a separate sub-committee of the Board of Directors.

The Risk & Compliance Committee specifically reviews and monitors compliance with relevant legislation including the Work Health and Safety Act 2011,the Aged Care Act 1997, Poisons and Therapeutic Goods Act 1966, the Food Act 2003, building compliance, residential facility accreditation and community care quality outcomes. Quality assurance reporting – staff and client satisfaction surveys, complaints, litigation and the adequacy of insurance.

HammondCare does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

Mitigation strategies for specific risks faced are described below:

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group and arises principally from the Group's receivables. The carrying amount of receivables represents the maximum credit exposure.

(b) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Company has a documented Liquidity Management Policy which assists the Company in meeting the requirements of the Aged Care Act 1997 by determining the level of funding that will be required to meet expected accommodation bond refunds as they fall due.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days.

The table below reflect an undiscounted contractual maturity analysis for financial liabilities.

Financial guarantee liabilities are treated as payable on demand since the Group has no control over the timing of any potential settlement of the liabilities.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

Notes to the Financial Statements
For the Year Ended 30 June 2013

2 **Financial Risk Management (continued)**

Financial liability maturity analysis - Non-derivative

Consolidated	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	000's	000's	000's	000's	000's	000's	000's	000's
	$	$	$	$	$	$	$	$
Financial liabilities due for payment								
Borrowings	(1,621)	(1,600)	(46,491)	(50,030)	-	(4,000)	(48,112)	(55,630)
Accommodation bonds	(24,553)	(18,703)	(56,471)	(43,017)	(17,187)	(13,092)	(98,211)	(74,812)
Trade and other payables	(13,900)	(15,720)	-	-	-	-	-	-
Entry contributions	(2,296)	(1,870)	(8,418)	(6,855)	(28,027)	(22,436)	(38,741)	(31,161)
Total contractual outflows	(42,370)	(37,893)	(111,380)	(99,902)	(45,214)	(39,528)	(185,064)	(161,603)

The timing of expected outflows is not expected to be materially different from contracted cashflows.

Financial assets pledged as collateral

Certain financial assets have been pledged as security for debt and their realisation into cash may be restricted subject to terms and conditions attached to the relevant debt contracts.

(c) **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. This can have both a positive and negative effect on the Company's results.

i. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period, whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The net effective variable interest rate borrowings (i.e. unhedged debt) exposes the Group to interest rate risk, which will impact future cash flows and interest charges and is indicated by the following floating interest rate financial liabilities:

	Consolidated		Parent	
	2013	2012	2013	2012
	000's	000's	000's	000's
	$	$	$	$
Floating rate instruments				
Borrowings	39,812	55,630	39,812	55,630

2 Financial Risk Management (continued)

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposures in existence at the end of the reporting period.

An increase of interest rates of 100 basis points will negatively impact the financial result. A decrease of interest rates of 50 basis points would improve the financial result. The impact on the Statement of Profit & Loss and Other Comprehensive Income, and Equity is shown below. This analysis assumes that other variables are held constant.

	Profit		Equity	
	100 basis points increase	50 basis points decrease	100 basis points increase	50 basis points decrease
2013	(398)	199	(398)	199
2012	(556)	278	(556)	278

The movements in profit are due to higher interest costs from variable rate debt.

The net exposure at the end of the reporting period is representative of what the Group was and is expecting to be exposed to at the end of the next twelve months.

The sensitivity analysis is performed on the same basis as in 2012.

ii. Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held being available-for-sale or fair value through the Statement of Comprehensive Income

Such risk is managed through diversification of investments across industries and geographic locations.

Net fair values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

The information appearing in the following table has been prepared in accordance with AASB 7 Financial Instruments: Disclosures.

HammondCare
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Notes to the Financial Statements
For the Year Ended 30 June 2013

2 Financial Risk Management (continued)

Consolidated	2013		2012	
	Net Carrying Value	Net Fair value	Net Carrying Value	Net Fair value
	000's	000's	000's	000's
	$	$	$	$
Financial assets				
Cash and cash equivalents	2,102	2,102	2,504	2,504
Trade and other receivables	24,867	24,867	12,677	12,677
Available-for-sale financial assets:				
at fair value				
Managed equity funds	31,242	31,242	25,419	25,419
Investments - held-to-maturity	30,000	30,000	22,280	22,280
Total financial assets	88,211	88,211	62,880	62,880
Financial liabilities				
Trade and other payables	13,900	13,900	15,720	15,720
Borrowings	48,112	48,112	55,630	55,630
Total financial liabilities	62,012	62,012	71,350	71,350

Parent	2013		2012	
	Net Carrying Value	Net Fair value	Net Carrying Value	Net Fair value
	000's	000's	000's	000's
	$	$	$	$
Financial assets				
Cash and cash equivalents	1,892	1,892	1,128	1,128
Trade and other receivables	20,742	20,742	9,519	9,519
Available-for-sale financial assets:				
at fair value				
Managed equity funds	31,242	31,242	25,419	25,419
Investments - held-to-maturity	30,000	30,000	22,280	22,280
Total financial assets	83,876	83,876	58,346	58,346
Financial liabilities				
Trade and other payables	9,646	9,646	7,710	7,710
Borrowings	48,112	48,112	55,630	55,630
Total financial liabilities	57,758	57,758	63,340	63,340

Notes to the Financial Statements
For the Year Ended 30 June 2013

2 **Financial Risk Management (continued)**

Financial instruments measured at fair value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements between those whose fair value is based on. The fair value hierarchy consists of the following level:

Included within Level 1 of the hierarchy are listed investments which are valued based on quoted price.

	Consolidated		Parent	
	2013	2012	2013	2012
	000's	000's	000's	000's
	$	$	$	$
Managed equity funds	**31,242**	25,419	**31,242**	25,419

3 **Revenue and Other Income**

Revenue				
From operations				
- sale of goods	**2,416**	2,270	**2,379**	2,232
- contribution from assets	**3,826**	3,310	**3,826**	3,310
- client fees	**27,633**	23,375	**17,724**	15,039
- operating grants (1)	**118,376**	106,013	**74,916**	72,439
- state superannuation	**2,968**	2,579	**125**	122
- other services income	**457**	913	**226**	862
	155,676	138,460	**99,196**	94,004
Rental revenue				
- related parties	**-**	-	**329**	224
- rental income (excluding investment properties, see note 13)	**94**	90	**66**	86
Interest revenue:				
- other entities	**2,304**	1,980	**2,291**	1,882
Trust distributions				
- managed funds	**1,087**	740	**1,087**	740
- donations	**1,373**	1,696	**1,373**	1,522
- application of special purpose monies	**-**	-	**-**	659
- other trading revenue	**2,310**	2,610	**854**	341
	7,168	7,116	**6,000**	5,454
	162,844	145,576	**105,196**	99,458

(1) During the current financial year the Group clarified Government funding arrangements for the provision of services, and entered into a new service agreement ('the agreement'). A consequence of entering into the agreement, is that liabilities properly recorded in prior periods are no longer payable. On that basis the directors have revised certain accounting estimates previously classified and disclosed as Trade and Other Payables in prior year financial statements. The aggregate of the revision of the accounting estimates is $4.75m. The aggregate of the revision has been classified and presented in the current financial year financial statements as Operating Grants. It is not expected that the revision of these accounting estimates will have any effect on future financial years

3 Revenue and Other Income (continued)

Other income

		Consolidated		Parent	
		2013	2012	2013	2012
		000's	000's	000's	000's
	Note	$	$	$	$
Bed licences granted	14	2,760	-	2,760	-
Gain on disposal of property, plant and equipment		73	110	54	90
		2,833	110	2,814	90

4 Expenses

Surplus for the year includes the following specific expenses:

	Consolidated 2013	Consolidated 2012	Parent 2013	Parent 2012
Finance costs:				
Interest:				
- Related entities	-	-	248	983
- Other entities	1,606	912	1,606	912
Other finance costs	376	381	376	381
Total finance costs	1,982	1,293	2,230	2,276
Other expenses:				
Depreciation & amortisation expense	6,686	5,625	6,356	5,304
Impairment expense on bed licences (Note 14)	3,000	25	2,860	25
Superannuation contributions	8,789	8,507	5,892	5,682

5 Auditors' Remuneration

	Consolidated		Parent	
	2013	2012	2013	2012
	$	$	$	$
Audit Services				
Auditors of the company and the group				
- Nexia Court & Co	77,101	73,387	43,463	41,197
Other services				
- Nexia Court & Co	47,839	31,126	41,889	28,526

Consolidated other services include:

	2013	2012
Acquittals of income and expenditure programs	19,707	17,435
Assistance with financial statements preparation	10,600	11,253
Other audit and advisory services	17,532	2,438
	47,839	31,126

Notes to the Financial Statements
For the Year Ended 30 June 2013

6 Cash and Cash Equivalents

	Consolidated		Parent	
	2013	2012	2013	2012
	000's	000's	000's	000's
	$	$	$	$
Cash on hand	**24**	25	**19**	20
Cash at bank	**2,078**	2,479	**1,873**	1,108
	2,102	2,504	**1,892**	1,128

The effective interest rate on short-term bank deposits was 4.11% (2012: 5.04%).

Reconciliation of cash

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

Cash and cash equivalents	**2,102**	2,504	**1,892**	1,128

A floating charge over cash and cash equivalents has been provided for certain debts Refer to Note 17 for further details

7 Trade and Other Receivables

CURRENT					
Trade receivables		**8,902**	5,630	**4,901**	2,474
Unpaid accommodation bonds		**14,789**	6,059	**14,789**	6,059
Clients in advance		**(142)**	(183)	**(142)**	(183)
Provision for impairment	(a)	**(117)**	(188)	**(71)**	(100)
		23,432	11,318	**19,477**	8,250
GST receivable		**522**	852	**439**	808
Sundry debtors		**913**	507	**826**	461
		1,435	1,359	**1,265**	1,269
		24,867	12,677	**20,742**	9,519

Unpaid accommodation bonds have significantly increased and reflect the outstanding accommodation bonds associated with the opening of the Miranda Residential Aged Care Facility.

(a) Provision for impairment of receivables

Movement in provision for impairment of receivables is as follows:

Balance at beginning of the year	**188**	223	**100**	100
Additional impairment loss recognised	**14**	29	**14**	20
Reversal of impairment	**(85)**	(64)	**(43)**	(20)
Balance at end of the year	**117**	188	**71**	100

7 Trade and Other Receivables (continued)

Credit risk

The Group has no significant concentration of credit risk with respect to any single counterparty or Group of counterparties other than those receivables specifically provided for and mentioned within Note 7. The main source of credit risk to the Group is considered to relate to the class of assets described as 'trade and other receivables'.

The following table details the Group's trade and other receivables exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Group and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

			Past due but not impaired (days overdue)		
	Gross amount	Past due and impaired	< 60	61-90	> 90
	000's	000's	000's	000's	000's
	$	$	$	$	$
Consolidated					
2013					
Trade and term receivables (excluding accommodation bonds)	**8,902**	**(117)**	**6,628**	**203**	**2,071**
Accommodation bonds	**14,789**	**-**	**7,438**	**550**	**6,801**
Total	**23,691**	**(117)**	**14,066**	**753**	**8,872**
2012					
Trade and term receivables (excluding accommodation bonds)	5,630	(188)	3,951	131	1,548
Accommodation bonds	6,059	-	(134)	427	5,766
Total	11,689	(188)	3,817	558	7,314
Parent					
2013					
Trade and term receivables (excluding accommodation bonds)	**4,901**	**(71)**	**4,497**	**63**	**341**
Accommodation bonds	**14,789**	**-**	**7,438**	**550**	**6,801**
Total	**19,690**	**(71)**	**11,935**	**613**	**7,142**
2012					
Trade and term receivables (excluding accommodation bonds)	2,474	(100)	1,947	38	489
Accommodation bonds	6,059	-	(134)	427	5,766
Total	8,533	(100)	1,813	465	6,255

Neither the Group nor parent entity holds any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

Notes to the Financial Statements
For the Year Ended 30 June 2013

8 Held to Maturity Investments

	Consolidated		Parent	
	2013	2012	2013	2012
	000's	000's	000's	000's
	$	$	$	$
CURRENT				
Commercial Bills	-	2,000	-	2,000
Fixed term deposits	30,000	20,280	30,000	20,280
	30,000	22,280	30,000	22,280

9 Available-For-Sale Financial Assets

CURRENT				
Managed equity funds	31,242	25,419	31,242	25,419

10 Other Assets

CURRENT				
Prepaid interest	76	144	76	144
Prepayments	1,140	447	1,100	422
	1,216	591	1,176	566
NON-CURRENT				
HammondCare Health and Hospitals investment	-	-	2,500	2,500

HammondCare Health and Hospitals Limited ("HH"), is incorporated in Australia. HammondCare has a 100% (2012: 100%) ownership interest in HH.

11 Property, Plant and Equipment

NON-CURRENT				
Land and Buildings				
At fair value	193,211	164,246	193,211	164,246
Accumulated depreciation	(8,513)	(7,182)	(8,513)	(7,182)
	184,698	157,064	184,698	157,064
Plant and equipment				
At cost	37,973	32,986	30,942	26,710
Accumulated depreciation	(22,958)	(20,190)	(17,764)	(15,158)
	15,015	12,796	13,178	11,552
Capital works in progress				
At cost	4,673	24,626	4,491	24,616
	204,386	194,486	202,367	193,232

Notes to the Financial Statements
For the Year Ended 30 June 2013

11 Property, Plant and Equipment (continued)

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

Parent

	Capital Works in Progress 000's $	Land & buildings 000's $	Plant and Equipment 000's $	Total 000's $
2013				
Balance at the beginning of year	**24,616**	**157,064**	**11,552**	**193,232**
Additions	**13,311**	**961**	**2,452**	**16,724**
Disposals	**(236)**	**-**	**(855)**	**(1,091)**
Transfers	**(33,200)**	**30,044**	**3,156**	**-**
Depreciation expense	**-**	**(3,229)**	**(3,127)**	**(6,356)**
Revaluation	**-**	**(142)**	**-**	**(142)**
Balance at 30 June 2013	**4,491**	**184,698**	**13,178**	**202,367**
2012				
Balance at the beginning of year	25,142	145,715	10,321	181,178
Additions	28,939	4,877	1,644	35,460
Disposals	-	-	(617)	(617)
Transfers	(4,135)	1,391	2,744	-
Depreciation expense	-	(2,764)	(2,540)	(5,304)
Revaluation	-	2,060	-	2,060
Reclassification to investment property	(25,330)	5,785	-	(19,545)
Balance at 30 June 2012	24,616	157,064	11,552	193,232

Notes to the Financial Statements
For the Year Ended 30 June 2013

11 Property, Plant and Equipment (continued)

(a) Movements in Carrying Amounts (continued)

Consolidated

	Capital Works in Progress 000's $	Land and Buildings 000's $	Plant and Equipment 000's $	Total 000's $
2013				
Balance at the beginning of year	**24,626**	**157,064**	**12,796**	**194,486**
Additions	**13,715**	**961**	**3,152**	**17,828**
Disposals	**(236)**	**-**	**(864)**	**(1,100)**
Transfers	**(33,432)**	**30,044**	**3,388**	**-**
Depreciation expense	**-**	**(3,229)**	**(3,457)**	**(6,686)**
Revaluation	**-**	**(142)**	**-**	**(142)**
Balance at 30 June 2013	**4,673**	**184,698**	**15,015**	**204,386**
2012				
Balance at the beginning of year	25,142	145,715	11,813	182,670
Additions	29,375	4,877	1,765	36,017
Disposals	(426)	-	(665)	(1,091)
Transfers	(4,135)	1,391	2,744	-
Depreciation expense	-	(2,764)	(2,861)	(5,625)
Revaluation	-	2,060	-	2,060
Reclassification to investment property	(25,330)	5,785	-	(19,545)
Balance at 30 June 2012	24,626	157,064	12,796	194,486

11 Property, Plant and Equipment (continued)

(b) Valuation of land and buildings

The basis of valuation of land and buildings is fair value being the amounts for which the assets could be exchanged between willing parties in an arms length transaction, based on current prices in an active market for similar properties in a similar location and condition

The fair value as at 30 June 2013 are based on independent valuations undertaken by David Nelson & Partners Pty Limited and Colliers International Consultancy and Valuation Pty Limited (note that this table includes only properties that have been revalued through the accounts):

	Valuation Date	Valuer	$ 000s	Valuer No.
Horsley	30/06/2013	D Nelson	18,900	2422
Miranda	30/06/2013	Colliers	29,872	20659
Kent Street	30/06/2013	Colliers	4,000	20659
			52,772	

(c) Security

As at 30 June 2013 properties at Judd Ave, Hammondville, Shone Avenue, Horsley, Bellingara Road, Miranda, Kent St Sydney, Terrigal Dr Erina, Greenwich Hospital, Braeside Hospital, and Neringah Hospital are subject to registered charges to secure banking facilities.

12 Capitalised Finance Costs

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's outstanding borrowings during the year.

	Consolidated		Parent	
	2013	2012	2013	2012
	000's	000's	000's	000's
	$	$	$	$
Borrowing costs capitalised	839	1,626	839	1,626
Capitalisation rate used in the allocation of finance costs:				
- buildings	4.5%	5.0%	4.5%	5.0%

Notes to the Financial Statements
For the Year Ended 30 June 2013

13 Investment Property

	Consolidated		Parent	
	2013	2012	2013	2012
	000's	000's	000's	000's
	$	$	$	$
NON-CURRENT				
Balance at beginning of the period	**52,575**	33,030	**52,575**	33,030
Transfers from work in progress	-	25,330	-	25,330
Transfers to property, plant and equipment	-	(5,785)	-	(5,785)
Balance at end of the period	**52,575**	52,575	**52,575**	52,575

Investment property comprises the land and buildings of the HammondGrove independent living units.

(a) Amounts recognised in the Statement of profit or loss and other comprehensive income for investment properties

Income	**2,434**	2,019	**2,434**	2,019

(b) Valuation basis

The fair value at the end of the reporting period is based on independent valuations undertaken by David Nelson and Partners Pty Limited. At the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent independent valuations The directors determine a property's value within a range of reasonable fair value estimates.

14 Bed Licences

	Consolidated		Parent	
	2013	2012	2013	2012
	000's	000's	000's	000's
	$	$	$	$
NON-CURRENT				
Bed licences - at deemed cost (refer note 26)	**24,030**	24,270	**23,190**	23,290

Reconciliation of carrying amount

Carrying amount at beginning of financial year	**24,270**	24,295	**23,290**	23,315
Bed licences granted	**2,760**	-	**2,760**	-
Impairment expense	**(3,000)**	(25)	**(2,860)**	(25)
	24,030	24,270	**23,190**	23,290

The annual impairment assessment is based on the independent valuations undertaken by Mr David Nelson (Registered Real Estate Valuer No. 2422) and Mr Barry Coad (Registered Real Estate Valuer No. 2634) on behalf of David Nelson & Partners Pty Limited and by Mr Paul Moschione (Registered Real Estate Valuer No. 20659) on behalf of Colliers International Consultancy and Valuation Pty Limited as at 30th June 2013.

Notes to the Financial Statements
For the Year Ended 30 June 2013

15 Trade and Other Payables

	Consolidated		Parent	
	2013	2012	2013	2012
	000's	000's	000's	000's
	$	$	$	$
CURRENT				
Trade payables	5,382	1,890	4,299	1,450
Accrued Wages	2,755	3,910	2,099	1,712
Accrued expenses	3,932	8,157	2,569	3,819
Other payables	1,831	1,763	679	729
	13,900	15,720	9,646	7,710

16 Employee Benefits

	Consolidated		Parent	
	2013	2012	2013	2012
	000's	000's	000's	000's
	$	$	$	$
CURRENT				
Employee benefits provision	15,090	14,747	6,123	5,976
NON-CURRENT				
Employee benefits provision	1,608	1,324	1,394	1,125

The current provision for employee benefits includes accrued annual leave and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months The leave obligations expected to be settled after 12 months is estimated to be $6,563,000 (2012: $7,291,000).

17 Interest Bearing Liabilities

	Consolidated		Parent	
	2013	2012	2013	2012
	000's	000's	000's	000's
	$	$	$	$
CURRENT				
Unsecured liabilities:				
Loans from group companies	-	-	17,437	15,673
Secured liabilities:				
Bills payable	1,621	1,600	1,621	1,600
	1,621	1,600	19,058	17,273
NON-CURRENT				
Unsecured liabilities:				
Other loans	2,479	2,500	2,479	2,500
Secured liabilities:				
Bank loans	27,312	33,630	27,312	33,630
Bills payable	16,700	17,900	16,700	17,900
	44,012	51,530	44,012	51,530
	46,491	54,030	46,491	54,030

The bills payable non-current balance represents the portion of the Company's bills not due within one year. The Company has long-term financing facilities in place whereby the bills will be rolled over for an undetermined period of time. During the current and prior year, there were no defaults or breaches on any of the loans.

18 Other Liabilities

CURRENT				
Other liabilities	3,470	3,923	3,298	3,827

19 Accommodation Bonds

CURRENT				
Accommodation bonds within 12 months	24,553	18,703	24,553	18,703
Accommodation bonds after 12 months	73,658	56,109	73,658	56,109
	98,211	74,812	98,211	74,812

AASB 101 'Presentation of Financial Statements' requires that Accommodation Bonds be classified and disclosed as current liabilities as the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Based on prior year amounts refunded to residents the Company estimates that approximately $24,553,000 will be refunded to residents in the ensuing twelve months

Notes to the Financial Statements
For the Year Ended 30 June 2013

20 Entry Contributions

	Consolidated		Parent	
	2013	2012	2013	2012
	000's	000's	000's	000's
	$	$	$	$
CURRENT				
Payable within 12 months	2,296	1,870	2,296	1,870
Expected to be payable after 12 months	36,445	29,291	36,445	29,291
	38,741	31,161	38,741	31,161

Entry contributions are amounts paid by individuals to occupy HammondCare Independent Living Units

21 Reserves

	Consolidated 2013	Consolidated 2012	Parent 2013	Parent 2012
Property, plant and equipment revaluation reserve	44,656	44,798	44,656	44,798
Available-for-sale investments revaluation reserve	3,363	(374)	3,363	(374)
	48,019	44,424	48,019	44,424
Available-for-sale investments revaluation reserve				
Balance 1 July	(374)	47	(374)	47
Changes in fair value of managed equity funds	3,737	(421)	3,737	(421)
Balance 30 June	3,363	(374)	3,363	(374)
Property, plant and equipment revaluation reserve				
Balance 1 July	44,798	43,628	44,798	43,628
Revaluation of land and buildings	(142)	2,060	(142)	2,060
Transfer to bed licence reserve	-	(890)	-	(890)
Balance 30 June	44,656	44,798	44,656	44,798
General reserve				
Balance 1 July	-	3,750	-	3,750
Transfer to accumulated surplus	-	(3,750)	-	(3,750)
Balance 30 June	-	-	-	-
	48,019	44,424	48,019	44,424

Nature and purpose of reserves

Property, plant and equipment revaluation reserve

The property, plant and equipment revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in note 11.

Available-for-sale investments revaluation reserve

Changes in the fair value and exchange differences arising on translation of investments, such as equities, classified as available-for-sale financial assets, are taken to the available-for-sale investments revaluation reserve.

General reserve

The general reserve is used from time to time to transfer surpluses from accumulated surpluses. There is no policy of regular transfer.

22 Accumulated Surplus

	Consolidated		Parent	
	2013	2012	2013	2012
	000's	000's	000's	000's
	$	$	$	$
Beginning of the year	**93,061**	82,998	**90,171**	79,811
Surplus for the year	**10,206**	6,313	**4,532**	6,610
Transfer from general reserve	-	3,750	-	3,750
End of the year	**103,267**	93,061	**94,703**	90,171

23 Information and declaration to be furnished under the Charitable Fundraising Act

(a) Statement of Fundraising and Expenditure

	Consolidated		Parent	
	2013	2012	2013	2012
	000's	000's	000's	000's
	$	$	$	$
Fundraising (includes bequests) income	1,373	1,696	1,373	1,522
Fundraising costs	(368)	(339)	(368)	(304)
Net surplus from fundraising	1,005	1,357	1,005	1,218

(b) Accounting principles and methods adopted in fundraising accounts

The fundraising accounts have been prepared on an accrual basis and comply with the Australian Accounting Standards.

(c) Application of fundraising proceeds

Net proceeds from fundraising	1,005	1,357	1,005	1,218
New capital works and equipment	(1,568)	(991)	(76)	(194)
Applied Hospital, Aged Care & Dementia Services	(673)	(1,126)	(251)	(1,024)
Net movement	(1,236)	(760)	678	-
Opening balance	9,978	9,746	4,126	3,708
Investment income	693	653	446	114
Parent contribution cost of fundraising	368	339	368	304
Less: net movement	(1,236)	(760)	678	-
Closing balance	9,803	9,978	5,618	4,126

The opening and closing balances include special purpose monies, received in prior years by HammondCare Health & Hospitals, a wholly owned subsidiary, and donation and bequest monies received by the parent Company and maintained within its endowment Foundation.

(d) The total cost of fundraising expressed as a percentage of gross proceeds from fundraising is:

Total cost	368	339	368	304
Gross proceeds	1,373	1,696	1,373	1,522
	27.0%	20.0%	27.0%	20.0%

(e) The net surplus from fundraising appeals expressed as a percentage of gross proceeds from fundraising is.

Total surplus	1,005	1,357	1.005	1,218
Gross proceeds	1,373	1,696	1,373	1,522
	73.0%	80.0%	73.0%	80.0%

(f) The total cost of services provided to total expenditure is:

Total cost of services	368	339	368	304
Total expenditure	155,471	139,373	103,478	92,938
	0.2%	0.2%	0.2%	0.3%

(g) The total cost of services provided to total income received:

Total cost of services	368	339	368	304
Total income	165,677	145,686	108,010	99,548
	0.2%	0.2%	0.2%	0.3%

Notes to the Financial Statements
For the Year Ended 30 June 2013

24 Capital and Leasing Commitments

(a) Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

	Consolidated		Parent	
	2013	2012	2013	2012
	000's	000's	000's	000's
	$	$	$	$
Payable - minimum lease payments:				
- no later than 1 year	357	369	357	369
- between 1 year and 5 years	43	73	43	73
	400	442	400	442

The Company leases property under operating leases expiring from one to three years. Leases generally provide the entity with a right of renewal at which time all terms are renegotiated. Lease payments comprise a base amount plus an incremental contingent rental. Contingent rentals are based on either movements in the Consumer Price Index or operating criteria. The operating lease commitments include GST which is refundable from the Australian Taxation Office.

(b) Capital expenditure commitments

The Group is committed, by way of contract, to expenditure of $1,001,835 in respect of various capital projects. The expenditure has been predominantly financed by facilities from Westpac and ANZ banks. Management expects all of this expenditure to be incurred in the next 12 months.

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Notes to the Financial Statements
For the Year Ended 30 June 2013

25 Cash Flow Information

(a) **Reconciliation of result for the year to cashflows from operating activities**

Reconciliation of net income to net cash provided by operating activities:

	Consolidated		Parent	
	2013	2012	2013	2012
	000's	000's	000's	000's
	$	$	$	$
Surplus for the year	10,206	6,313	4,532	6,610
Non-cash flows in surplus:				
- depreciation and amortisation	6,686	5,625	6,356	5,304
- capitalised interest in property, plant and equipment	(839)	(1,626)	(839)	(1,626)
- management fees	(2,703)	(2,371)	(2,703)	(2,371)
- bed licences granted	(2,760)	-	(2,760)	-
- Reversal of accrued expenses	(4,758)	-	-	-
- net gain on disposal of property, plant and equipment	(73)	(110)	(54)	(90)
- income from special purpose money	-	-	196	(659)
- trust distributions reinvested	(1,087)	(740)	(1,087)	(740)
- impairment expense	3,000	25	2,860	25
Changes in assets and liabilities:				
(Increase)/decrease in assets:				
- Change in trade and other receivables	(3,170)	(1,973)	(2,205)	(1,617)
- Change in other assets	(625)	248	(610)	215
Increase/(decrease) in liabilities:				
- Change in trade and other payables	3,862	(74)	2,863	(1,136)
- Change in accommodation bonds payable	15,437	3,425	15,437	3,425
- Change in entry contributions	9,464	10,660	9,464	10,660
- Change in provisions	627	1,490	416	1,025
- Change in other liabilities	(453)	2,055	(530)	2,318
Cashflow from operations	32,814	22,947	31,336	21,343

(b) **Loan facilities**

The Company has bank loan facilities amounting to $51,611,912 (2012. $62,500,000) As at 30 June 2013 $45,612,000 (2012: $55,630,000) of these facilities were in use. The facilities bear interest at a variable interest rate. As at year-end the effective interest rate on the facilities were 4.05% (2012: 4.69%).

26 Change in Accounting Policy

During the financial year the Group changed its accounting policy in relation to the recording and reporting of the value of its bed licences In previous financial years bed licences were carried at 'fair value'. In the current financial year bed licences are carried at 'deemed cost' and the prior year financial comparative information has been restated to allow for a like-to-like comparison.

This change in accounting policy was considered after interpretation of the requirements of Australian Accounting Standard AASB 138 Intangible Assets The change in accounting policy facilitates the carrying value of bed licences at amounts represented to the Group's directors by independent valuers, including consideration of the impairment of the carrying value of the bed licences Refer Note 14. The change in accounting policy therefore provides reliable and more relevant information to users of the financial statements including the members and directors of the Group companies.

There is no financial effect of the change in accounting policy in the current financial year The effect of the change in accounting policy for the prior period financial comparative information is to:

i) Decrease bed licences at deemed cost and decrease total equity by $545,000; and

ii) Increase impairment expense and decrease surplus for the year and accumulated surplus by $25,000; and

iii) Decrease opening balance of the asset revaluation reserve by $890,000.

27 Key Management Personnel

(a) Details of Key Management Personnel

(i) Directors

The names of each of the directors of the Company and the controlled entity during the financial year are:
Rod Mewing
Susan Kurrle
Rosemary Bond
John Kightley
Neil Lewis
Michael Monaghan
Louise Parkes
Robyn Langsford (Appointed 7 November 2012)
Keith Reynolds (Appointed 7 November 2012)

Total income paid, or otherwise made available to all directors was $Nil (2012: $Nil)

(ii) Executives
Rob Binskin
Jim Blyde
Andrew Cole
Peter Hamilton
Stewart James
Stephen Judd
David Martin
Angela Raguz
Sally Yule
Sarah Ramsey

27 Key Management Personnel (continued)

The totals of remuneration paid to key management personnel of the Company and the Group during the year are as follows:

	2013 000's $	2012 000's $
Short-term employee benefits	2,625	2,568
Long-term benefits	20	47
Post-employment benefits	201	272
Termination benefits	-	129
	2,846	3,016

Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 29: Related Party Transactions.

28 Contingent Liabilities and Contingent Assets

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2013 (30 June 2012:None).

29 Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated

The transactions represent the expenses and support service costs initially borne by the parent entity on behalf of its subsidiary HammondCare Health & Hospitals Limited of $5,176,000 (2012: $5,281,000) for expenses and support services, initially borne by the HammondCare including, inter alia:

- Staff costs;
- Strategic asset management and maintenance planning;
- Information communication and technology services;
- Accreditation support services;
- Business services support including the software licensing costs,
- Risk and management services; and
- People learning and culture support including enterprise agreement planning.

30 Segment Reporting

Identification of reportable segments

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise income-earning assets, revenue, interest bearing loans, and borrowings

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business Segments

The Company comprises the following main business segments, based on the Company's areas of business risk.

Residential Care

Providing care and support for the aged in the Company's aged care and dementia facilities.

Community Care

Providing care and support for the aged in their own homes.

Independent Living

Providing care and support for the aged in independent living units.

Health & Hospitals

Providing health and hospital care in public hospitals.

Learning, Research and Dementia Centre

HammondCare's mission of improving the quality of life is being championed through its commitment to research and academic education.

Other

Encompassing other areas of the Company's operations including accounting and finance, administration, treasury and other benevolent activities.

Geographical Segments

The Company's business systems operate in Australia only.

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Notes to the Financial Statements
For the Year Ended 30 June 2013

HammondCare (Parent)

	Independent Living 000's $	Residential Care 000's $	Community Care 000's $	Learning, Research and Dementia Centre 000's $	Other 000's $	Total 000's $
This Year						
Segment Revenue	2,414	52,256	39,010	4,884	6,632	105,196
Segment Result	963	291	3,184	(927)	1,021	4,532
Segment Depreciation	90	3,587	255	99	2,325	6,356
Segment Assets	54,817	164,450	3,654	1,446	141,317	365,684
Segment Liabilities	33,400	100,201	2,227	(142)	87,276	222,962
Segment Capital Expenditure	-	15,051	1,171	117	385	16,724
Last Year						
Segment Revenue	2,019	49,969	38,762	3,151	5,557	99,458
Segment Result	882	2,996	4,385	(1,977)	324	6,610
Segment Depreciation	42	3,114	230	108	1,810	5,304
Segment Assets	48,791	146,372	3,253	1,744	130,349	330,509
Segment Liabilities	28,520	85,559	1,901	2,162	77,772	195,914
Segment Capital Expenditure	18,794	12,411	2,482	100	1,673	35,460

Consolidated

	Independent Living 000's $	Residential Care 000's $	Community Care 000's $	Health & Hospitals 000's $	Learning, Research and Dementia Centre 000's $	Other 000's $	Total 000's $
This Year							
Segment revenue	2,414	52,256	39,010	55,366	4,884	8,914	162,844
Segment result	963	291	3,184	5,616	(927)	1,079	10,206
Segment depreciation	90	3,587	255	653	99	2,002	6,686
Segment assets	54,817	164,450	3,654	67,719	1,446	78,332	370,418
Segment liabilities	33,400	100,201	2,227	33,476	(142)	49,970	219,132
Segment capital expenditure	-	15,051	1,171	1,104	117	385	17,828
Last Year							
Segment revenue	2,019	49,969	38,762	44,947	3,151	6,728	145,576
Segment result	882	2,996	4,385	(297)	(1,977)	324	6,313
Segment depreciation	42	3,114	230	618	108	1,513	5,625
Segment assets	48,791	146,372	3,253	66,286	1,744	68,356	334,802
Segment liabilities	28,520	85,559	1,901	33,476	2,162	45,699	197,317
Segment capital expenditure	18,794	12,411	2,482	557	100	1,673	36,017