

Silver Chain Nursing Association (Incorporated) and its Controlled Entities

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011**



SILVER CHAIN

EVERY MINUTE. EVERY HOUR. EVERY DAY. WE CARE.

SILVER CHAIN NURSING ASSOCIATION (INCORPORATED)
AND ITS CONTROLLED ENTITIES

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

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**SILVER CHAIN NURSING ASSOCIATION (INCORPORATED)
AND ITS CONTROLLED ENTITIES**

STATEMENT BY BOARD OF MANAGEMENT

In the Board's opinion,

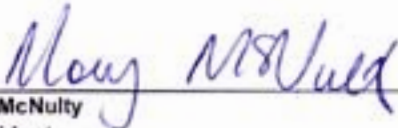
-the attached financial statements and notes thereto comply with the Accounting Standards;

-the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;

-the attached financial statements and notes thereto give a true and fair view of the Association and consolidated entities financial position at the 30 June 2011 and of their performance for the financial year ended on that date; and payable.

Dated at Perth this 30 day of August 2011.

Signed in accordance with a resolution of the Board.



M C McNulty
President
Silver Chain



J R Cahill
Chair
Audit and Risk Management Committee

SILVER CHAIN NURSING ASSOCIATION (INCORPORATED) AND ITS CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT

The Role of the Board of Management

The Board of Management ("the Board") has overall responsibility for the corporate governance of Silver Chain Nursing Association (Incorporated) and its controlled entities. This includes setting strategic direction, confirming financial objectives, reviewing operational plans prepared by management and monitoring performance.

The responsibility of the Board for the affairs of Silver Chain Nursing Association (Incorporated) is not limited to attendance at monthly meetings.

Board Composition

The Board has no executive members. This ensures independence and objectivity in governing the Association's affairs.

In the event that a potential conflict of interest may arise, Board members are required to declare their interest and withdraw from the Board for the period the matter in which they have an interest is being considered. They take no part in any discussions or voting on matters in which an interest has been declared.

Board Committees

The Board seeks to achieve best practice in corporate governance and accountability through the following committees which assist the Board in the execution of its responsibilities. The committees have agreed terms of reference that define their roles and responsibilities. These are summarised below.

The **Audit and Risk Management Committee** consists of a minimum of three people who must be non-Executive members of the Board. It provides a forum in which to consider financial reporting, internal and external auditing, compliance and risk management related issues. It also monitors the performance of investments and the scope of insurance cover.

This Committee meets bi-monthly. Committee members are Mr J R Cahill (Chair), Dr M C McNulty, Mr P J Gibbons and Mrs D E Browning. Mr C H McGowan, Chief Executive Officer, Mr M G Bowd, Chief Financial Officer and Mr S Price, Manager Internal Audit attend Committee meetings.

The **Professional Services Advisory Committee** consists of four non-Executive members of the Board and a number of executive staff as agreed by the Chairman and Chief Executive Officer. It monitors and reviews care standards, performance and direction, and considers ethical issues relating to care. It considers and reports on care related issues arising from internal and external audits and surveys.

This Committee meets monthly. Committee members are Dr J A Straton (Chair), Mrs J E Keene, Dr M J McComish, Dr G Lewin, Research Director, Mr S Carmody, General Manager, Health, Mrs C Bain, General Manager, Country, Mrs S Cummins, General Manager, Home Support Services, Ms J Lister, Manager, Quality and Business Improvement and Mr C H McGowan, Chief Executive Officer.

The **Corporate Governance, Nominations and Remuneration Committee** consists of four non-Executive members of the Board and such other persons as the Committee may invite to be members. The Committee assists the Board in fulfilling its duties with respect to governance policies and policies/methodology surrounding the appointment, remuneration and performance assessment of members of the Board, CEO and senior executive personnel.

Committee members are Dr M C McNulty (Chair), Mr J R Cahill, Mrs J E Keene and Mr C H McGowan, Chief Executive Officer.

**SILVER CHAIN NURSING ASSOCIATION (INCORPORATED)
AND ITS CONTROLLED ENTITIES**

CORPORATE GOVERNANCE STATEMENT

Board Committees (cont'd)

The *Human Research Ethics Committee* reports to the board and in addition to the Australian Health Ethics Committee, formed under the auspices of the National Health and Medical Research Council. The Committee meets as required to review protocols for research concerning research participants, including the means and methods as well as all ethical considerations. The Committee members are Dr M McNulty (Chair), Mrs D Browning, Revd G Blyth, Dr J Heyworth, Ms A McKenzie, Ms S Vandermeulen, Mr G Langford and Ms M Walker.

Business Risk

The Board requires management to identify areas of risk, to quantify those risks and to adopt cost effective strategies to manage the Association's exposure to risk.

Ethical Investing and Management of Funds

Silver Chain investments are managed within the terms of the policy 'Ethical Investment and Funds Management'.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SILVER CHAIN NURSING ASSOCIATION (INCORPORATED)

We have audited the accompanying financial report of Silver Chain Nursing Association (Incorporated), which comprises the statements of financial position as at 30 June 2011, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement of the Board of Management of the entity and the consolidated entity comprising the entity and the entities it controlled at the year's end or from time to time during the financial year.

Board of Management's Responsibility for the Financial Report

The Board of Management are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), and for such internal control as the Board of Management determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the Board of Management also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

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 entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Management, 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 Australian professional accounting bodies.



Opinion

In our opinion:

- (a) the financial report presents fairly, in all material respects, the financial position of Silver Chain Nursing Association (Incorporated) and the consolidated entity, as at 30 June 2011, and their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations); and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Glyn O'Brien', written over a faint blue BDO logo.

Glyn O'Brien
Director

Perth, Western Australia

Dated this 30th day of August 2011

SILVER CHAIN NURSING ASSOCIATION (INCORPORATED)
AND ITS CONTROLLED ENTITIES

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	NOTE	CONSOLIDATED		ASSOCIATION	
		2011	2010	2011	2010
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	2, 3	25,082,728	24,799,873	23,517,224	18,587,420
Trade and other receivables	4	4,074,015	3,600,666	2,824,869	2,322,759
Other current assets	6	957,593	1,168,747	957,593	1,168,747
TOTAL CURRENT ASSETS		30,114,336	29,569,286	27,299,686	22,078,926
NON-CURRENT ASSETS					
Financial assets	5	41,789,967	31,461,768	38,994,060	31,461,771
Property, plant and equipment	7	34,925,179	32,370,808	34,925,179	32,370,808
Investment property	8	28,320,965	28,320,965	28,320,965	28,320,965
TOTAL NON-CURRENT ASSETS		105,036,111	92,153,541	102,240,204	92,153,544
TOTAL ASSETS		135,150,447	121,722,827	127,539,890	114,232,470
CURRENT LIABILITIES					
Trade and other payables	10	20,850,988	19,940,451	20,850,988	19,940,458
Short-term financial liabilities	11	112,042	119,104	112,042	119,104
Short-term provisions	12	2,281,054	2,184,565	2,281,054	2,184,565
TOTAL CURRENT LIABILITIES		23,244,084	22,244,120	23,244,084	22,244,127
NON-CURRENT LIABILITIES					
Long-term financial liabilities	11	385,219	497,261	385,219	497,261
Long-term provisions	12	4,773,862	5,728,979	4,773,862	5,728,979
TOTAL NON-CURRENT LIABILITIES		5,159,081	6,226,240	5,159,081	6,226,240
TOTAL LIABILITIES		28,403,165	28,470,360	28,403,165	28,470,367
NET ASSETS		106,727,282	93,252,467	99,136,725	85,762,103
EQUITY					
Accumulated funds		95,245,034	82,333,990	87,430,387	74,843,626
Reserves	13	11,482,248	10,918,477	11,706,338	10,918,477
TOTAL EQUITY		106,727,282	93,252,467	99,136,725	85,762,103

The accompanying notes form part of these financial statements.

SILVER CHAIN NURSING ASSOCIATION (INCORPORATED)
AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	NOTE	CONSOLIDATED		ASSOCIATION	
		2011	2010	2011	2010
		\$	\$	\$	\$
Revenues from Continuing Operations					
Home and Community Care grants		56,320,892	53,528,710	56,320,892	53,528,710
Department of Health grants		42,562,654	38,318,700	42,562,654	38,318,700
Commonwealth grants and subsidies		25,658,906	27,076,486	25,658,906	27,076,486
Community care fees		7,508,657	6,553,602	7,508,657	6,553,602
Sales, rentals and rebates		2,840,446	1,485,459	2,840,446	1,485,459
Donations from Silver Chain Foundation		-	-	529,331	380,797
Other donations and fundraising		1,511,051	1,579,074	1,588,118	1,579,074
Interest		1,774,348	851,431	1,498,377	545,261
		<u>136,176,954</u>	<u>129,393,462</u>	<u>136,507,381</u>	<u>129,468,089</u>
Expenditure relating to Operations					
Employee benefits costs		83,212,106	76,017,056	83,212,106	76,017,056
Other staff related costs		18,013,106	16,723,116	18,013,106	16,723,116
Consumables and cost of goods sold		9,390,454	8,353,832	9,390,454	8,353,832
Accommodation and maintenance expenses		3,668,048	3,441,835	3,745,105	3,441,835
Depreciation expenses	14	2,358,530	2,150,984	2,358,530	2,150,984
Impairment loss on investment properties	8	-	13,246,510	-	13,246,510
Finance costs		106,777	94,571	106,777	94,571
Other expenses		12,477,999	9,830,906	12,874,172	11,461,531
		<u>129,227,020</u>	<u>129,858,810</u>	<u>129,700,250</u>	<u>131,489,435</u>
Surplus / (Deficit) from Operations		<u>8,949,934</u>	<u>(465,348)</u>	<u>8,807,131</u>	<u>(2,021,346)</u>
Non Core Income					
Dividends and distributions	(a)	2,234,687	1,699,694	2,053,217	1,699,694
Specific purpose donations and bequests		477,977	1,998,017	477,977	1,998,017
Lotteries Commission (Lotterywest) capital grants		-	27,487	-	27,487
Government capital grants		702,559	407,825	702,559	407,825
Gain / (Loss) on disposal of property, plant and equipment		376,678	(115,190)	376,678	(115,189)
Gain / (Loss) on disposal of non-current investments		169,199	590,911	169,199	590,911
		<u>3,961,100</u>	<u>4,608,744</u>	<u>3,779,630</u>	<u>4,608,745</u>
NET RESULT FROM CONTINUING OPERATIONS	14	<u>12,911,044</u>	<u>4,143,395</u>	<u>12,586,761</u>	<u>2,587,399</u>
Discontinued Operations					
Net result from discontinued operations	15	-	13,788,916	-	13,788,916
NET RESULT FOR THE YEAR		<u>12,911,044</u>	<u>17,932,312</u>	<u>12,586,761</u>	<u>16,376,315</u>
Other Comprehensive Income					
Gain / (Loss) on revaluation of available for sale financial assets		563,771	(161,946)	787,861	(161,946)
Other comprehensive income for the year		<u>563,771</u>	<u>(161,946)</u>	<u>787,861</u>	<u>(161,946)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>13,474,815</u>	<u>17,770,366</u>	<u>13,374,622</u>	<u>16,214,369</u>

(a) Non Core Income

The Silver Chain Group reported a net surplus from ordinary activities of \$12,911,044 for the year ended 30 June 2011. The surplus from ordinary activities also includes irregular or abnormal revenues of a capital or non recurrent nature including specific donations, bequests and other committed revenue. Prior year deficit from ordinary activities of \$465,348 included an impairment loss on investment properties of \$13,246,510.

The impact of accounting standards is to include revenues of a capital nature as revenue in the statement of comprehensive income when received, as was the case last financial year, whereas the related expenditure is recognised as an asset in the statement of financial position when incurred. This can significantly increase the reported surplus or deficit in a financial year.

The accompanying notes form part of these financial statements.

**SILVER CHAIN NURSING ASSOCIATION (INCORPORATED)
AND ITS CONTROLLED ENTITIES**

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011**

CONSOLIDATED	Accumulated Funds \$	Asset Revaluation Reserve \$	Asset Realisation Reserve \$	Financial Assets Reserve \$	Total \$
Balance at 1 July 2009	64,401,678	9,154,485	964,231	961,707	75,482,101
Profit attributable to the entity	17,932,312	-	-	-	17,932,312
Revaluation of available for sale financial assets	-	-	-	(161,946)	(161,946)
Disposal of previously re-valued assets	-	(6,305,384)	6,305,384	-	-
Total comprehensive income for the year	17,932,312	(6,305,384)	6,305,384	(161,946)	17,770,366
Balance at 30 June 2010	82,333,990	2,849,101	7,269,615	799,761	93,252,467
Profit attributable to the entity	12,911,044	-	-	-	12,911,044
Revaluation of available for sale financial assets	-	-	-	563,771	563,771
Total comprehensive income for the year	12,911,044	-	-	563,771	13,474,815
Balance at 30 June 2011	95,245,034	2,849,101	7,269,615	1,363,532	106,727,282

ASSOCIATION	Accumulated Funds \$	Asset Revaluation Reserve \$	Asset Realisation Reserve \$	Financial Assets Reserve \$	Total \$
Balance at 1 July 2009	58,467,311	9,154,485	964,231	961,707	69,547,734
Profit attributable to the entity	16,376,315	-	-	-	16,376,315
Revaluation of available for sale financial assets	-	-	-	(161,946)	(161,946)
Disposal of previously re-valued assets	-	(6,305,384)	6,305,384	-	0
Total comprehensive income for the year	16,376,315	(6,305,384)	6,305,384	(161,946)	16,214,369
Balance at 30 June 2010	74,843,626	2,849,101	7,269,615	799,761	85,762,103
Profit attributable to the entity	12,586,761	-	-	-	12,586,761
Revaluation of available for sale financial assets	-	-	-	787,861	787,861
Total comprehensive income for the year	12,586,761	-	-	787,861	13,374,622
Balance at 30 June 2011	87,430,387	2,849,101	7,269,615	1,587,622	99,136,725

The accompanying notes form part of these financial statements.

**SILVER CHAIN NURSING ASSOCIATION (INCORPORATED)
AND ITS CONTROLLED ENTITIES**

**STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011**

	NOTE	CONSOLIDATED		ASSOCIATION	
		2011	2010	2011	2010
		\$ Inflows (Outflows)	\$ Inflows (Outflows)	\$ Inflows (Outflows)	\$ Inflows (Outflows)
Cash Flows from Operating Activities	1(i)				
Grants and subsidies received		123,641,768	124,151,504	123,641,768	123,770,707
Revenue from operations		7,142,305	10,284,244	7,142,305	10,284,244
Receipts from donations and fundraising		4,863,659	5,226,018	4,863,659	5,226,018
Donations from Silver Chain Foundation		-	-	529,331	380,797
Donations to Silver Chain Foundation		-	-	(396,628)	(171,314)
Interest, dividends and distributions received		3,912,223	2,017,238	3,454,715	1,711,068
Payments to suppliers and employees		(126,125,607)	(124,161,558)	(125,728,979)	(123,984,584)
Finance costs		(106,777)	(717,630)	(106,777)	(717,630)
Goods and services tax paid		(41,052)	(6,795,484)	(41,052)	(6,795,484)
Net cash provided by operating activities	18	<u>13,286,519</u>	<u>9,984,332</u>	<u>13,358,342</u>	<u>9,703,822</u>
Cash Flows from Investing Activities	1(j)				
Purchase of property, plant and equipment		(9,437,762)	(10,701,223)	(9,437,762)	(10,701,223)
Purchase of investments		(10,356,467)	(17,946,885)	(5,781,340)	(17,946,885)
Proceeds from sale of property, plant and equipment		4,826,309	12,305,674	4,826,309	12,305,674
Proceeds from sale of investments		1,380,801	4,057,490	1,380,801	4,057,490
Proceeds from sale of Aged Care Business		-	8,216,063	-	8,216,063
Net cash used in investing activities		<u>(13,587,119)</u>	<u>(4,068,881)</u>	<u>(9,011,992)</u>	<u>(4,068,881)</u>
Cash Flows from Financing Activities	1(j)				
Grants, subsidies and donations received for capital purposes:					
Other grants, subsidies and donations	--	702,559	204,450	702,559	204,450
Loan funds repaid		(119,105)	(405,364)	(119,105)	(405,364)
Net cash provided by financing activities		<u>583,454</u>	<u>(200,914)</u>	<u>583,454</u>	<u>(200,914)</u>
Net (decrease) / increase in cash held		282,855	5,714,537	4,929,804	5,434,027
Cash at the beginning of the financial year		24,799,873	19,085,336	18,587,420	13,153,393
Cash at the End of the Financial Year	19	<u>25,082,728</u>	<u>24,799,873</u>	<u>23,517,224</u>	<u>18,587,420</u>

The accompanying notes form part of these financial statements.

**SILVER CHAIN NURSING ASSOCIATION (INCORPORATED)
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards ("AASB's"), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the requirements of the Associations Incorporation Act 1987 (Western Australia).

The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

REPORTING BASIS AND CONVENTIONS

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

ACCOUNTING POLICIES

(a) Consolidation

The consolidated financial statements are those of the consolidated entity, comprising Silver Chain Nursing Association (Incorporated), and all entities controlled by the Association. All inter-entity balances and transactions have been eliminated on consolidation.

(b) Restricted Funds

On occasions, the Association and its controlled entities receive funds, the use of which is restricted to particular purposes. To facilitate observance and understanding of these restrictions, the financial report provides details in Note 3 of the restrictions that apply to cash and other liquid assets as follows.

Conditions Imposed by the Donor

These funds are presently available for use but expendable only for the purposes specified by the donor.

Statutory Restrictions

These funds are presently available for use but expendable only for the purposes specified by the statute.

Board Designation

When the Board of the Association or a controlled entity specifies a purpose for the expenditure of funds, where no conditions have otherwise been stated by the donor or are imposed by statute, such funds are classified as Board designated funds.

Working Capital for Current and Future Commitments

These funds are presently available to meet current and future commitments.

SILVER CHAIN NURSING ASSOCIATION (INCORPORATED)
AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

(c) Financial Instruments

The Silver Chain Group classifies its investments as available-for-sale financial assets. The classification of investments depends on the purpose for which the investments were acquired and is determined when the investments are initially recognised.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not acquired principally for the purpose of selling in the short-term or so designated by the Board of Management. They are included in non-current assets unless there is an intention to dispose of the investment within 12 months of the reporting date.

Investments are recognised on trade date, being the date on which there is a commitment to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Silver Chain Group has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets are initially recognised at fair value plus transaction costs and subsequently at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity. When available-for-sale financial assets are sold the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as gains and losses on sale of investments.

Financial liabilities

Financial liabilities are classified as financial liabilities through profit or loss and are measured using the effective interest method.

Fair Values

The fair value of available-for-sale financial assets is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities.

The fair value of financial liabilities is determined based on the present value of the liability's future cash flows discounted at the market rate of interest.

Impairment

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

(d) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation.

The carrying amount of property, plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Plant and equipment with an initial cost of less than \$5,000 are expensed in the year of acquisition.

The depreciable amounts of all property, plant and equipment excluding land, are depreciated on a straight-line basis over the estimated useful lives of the assets to the Association, commencing from the time the assets are held ready for use.

The estimated useful life of each class of depreciable asset or the rate of depreciation are as follows:

Class of Fixed Assets

Buildings	40 years
Plant and equipment	12.5% to 33.3%
Motor vehicles	1 to 2 years

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

**SILVER CHAIN NURSING ASSOCIATION (INCORPORATED)
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

(d) Property, Plant and Equipment (cont'd)

Impairment of Assets

Silver Chain has relied from impairment testing of Property, Plant and Equipment under AASB136 paragraph AUD22.1, Not For Profit organisations. Replacement costs are deemed to be the assets written down value.

(e) Investment Property

Silver Chain is using the "Fair Value" calculation method based on discounted cash flow projections per the lease agreement to re-value Investment Properties held at year end. The discount rate used reflects current market assessment as well as the uncertainty and timing of cash flows.

(f) Employee Benefits

Provision is made for the liability for employee benefits arising from services rendered by employees to reporting date. 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, plus related on-costs. 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 calculating the present value of estimated future cash flows in respect of long service leave, the Association has adopted the "short-hand" measurement technique and based the provision on remuneration rates current as at reporting date for all employees with four or more years of service. The Board of Management believe that this method provides an estimate of the liability that is not materially different from the estimate that would be obtained by using the present value basis of measurement.

(g) Provision for Workers Compensation Insurance

Provision is made for the liability for workers compensation insurance premiums as at reporting date based on contractual commitments and likely claims performance. The final premium may not settle for at least three years after the insurance year. Adjustments are made to the provision based on the actual claims made.

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

(i) Revenue

i) Grants, Subsidies and Sales Revenue

Grants for operating purposes, subsidies and sales revenue are brought to account on an accruals basis. Grants for capital purposes are recognised as revenue when received.

ii) Donations, Bequests and Fundraising Revenue

Donations, bequests and fundraising are recognised as revenue when received.

iii) Interest Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

iv) Dividend and Distribution Revenue

Dividend and distribution revenue is brought to account when the right to receive the dividend or distribution has been established. In accordance with the income tax law applicable to deductible gift recipients, dividend and distribution revenue includes the entitlement to imputation credits attached to franked dividends.

(j) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation 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. The net amount of GST recoverable from, or payable to the Australian Taxation Office is included as part of receivables or payables.

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.

(k) Operating Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease income from operating leases, where the group is the lessor is recognised in income on a straight-line basis over the term of the lease. The respective leased assets are included in the Statement of Financial Position as investment property.

(l) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in statement of comprehensive income in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

(m) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Silver Chain Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 180 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(n) Comparatives

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Board of Management evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Silver Chain Group.

Key Estimates - Impairment

The Silver Chain Group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

SILVER CHAIN NURSING ASSOCIATION (INCORPORATED)
AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	NOTE	CONSOLIDATED		ASSOCIATION	
		2011 \$	2010 \$	2011 \$	2010 \$
2 CASH AND CASH EQUIVALENTS					
Cash at bank, on hand and on deposit	3.22 (c)	25,082,728	24,799,873	23,517,224	18,587,420
(a) Interest rate risk Details regarding interest rate risk exposure are disclosed in Note 22.					
3 RESTRICTED FUNDS					
Conditions Imposed by the Donor					
Specific bequests and donations		1,596,598	1,677,788	1,596,598	1,677,788
Statutory Restrictions					
Client Care Services Grants		4,324,903	4,903,894	4,324,903	4,903,894
Board Designation					
Capital projects and other approved commitments		11,726,724	8,214,000	10,795,724	7,069,000
Branch and fundraising committee funds		430,633	443,230	430,633	443,230
		12,157,357	8,657,230	11,226,357	7,502,230
Working capital for current and future commitments		7,003,870	9,560,961	6,369,366	4,503,508
TOTAL RESTRICTED FUNDS		25,082,728	24,799,873	23,517,224	18,587,420
Represented by:					
Cash and cash equivalents	2	25,082,728	24,799,873	23,517,224	18,587,420
		25,082,728	24,799,873	23,517,224	18,587,420
4 TRADE AND OTHER RECEIVABLES					
Trade receivables	22	1,660,720	1,202,270	1,660,720	1,202,270
Other receivables		2,934,577	2,754,045	2,741,058	2,664,735
		4,595,297	3,956,315	4,401,778	3,867,005
Less: Provision for impairment of trade receivables	4(a)	521,282	355,649	521,282	355,649
		4,074,015	3,600,666	3,880,496	3,511,356
Amounts due from / (payable) to controlled entities		-	-	(1,055,627)	(1,188,597)
		4,074,015	3,600,666	2,824,869	2,322,759

(a) Provision for impairment of trade receivables

Trade receivables are non-interest bearing and are generally on 30 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. An impairment loss of \$295,409 (2010: \$93,525) has been recognised in the current year. These amounts have been included in other expenses. Amounts written off of \$63,315 (2010: \$85,223) relate mostly to individual consumers and have been based on a review of their financial circumstances.

The movement in the provision for impairment of trade receivables is detailed below (Consolidated and Association are the same):

	2011 \$	2010 \$
Opening balance as at 1 July	355,649	391,430
Additional provisions	295,409	93,525
Amounts written off	(63,315)	(85,223)
Amounts reversed	(66,461)	(44,083)
Closing balance as at 30 June	521,282	355,649

**SILVER CHAIN NURSING ASSOCIATION (INCORPORATED)
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

4 TRADE AND OTHER RECEIVABLES (CONT'D)

(b) Ageing and impairment of trade receivables

The ageing of trade receivables at 30 June is detailed below (Consolidated and Association are the same):

	2011		2010	
	Gross	Allowance	Gross	Allowance
	\$	\$	\$	\$
Not past due	883,356	-	679,105	-
Past due 1-60 days	265,667	-	155,004	-
Past due 61-120 days	81,870	(71,454)	64,288	(51,776)
Past 120 days	449,827	(449,828)	303,873	(303,873)
	<u>1,660,720</u>	<u>(521,282)</u>	<u>1,202,270</u>	<u>(355,649)</u>

Trade receivables have been aged according to their original due date in the above analysis, including where repayment terms for certain long outstanding trade receivables have been renegotiated.

Receivables past due but not considered impaired are \$276,083 (2010: \$167,516). The Finance Department has been in direct contact with these debtors and where no payments have been received, these have been referred to their respective Operations Manager who will take an appropriate course of action. For further details of impairment of trade receivables refer to Note 1(m).

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received in full when due.

(c) Related party receivables

For terms and conditions of related party receivables refer to Note 21(a).

(d) Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Silver Chain Group's policy to transfer (on sell) receivables to other entities.

(e) Interest rate risk

Details regarding interest rate risk and credit risk exposure is disclosed in Note 22.

	NOTE	CONSOLIDATED		ASSOCIATION	
		2011	2010	2011	2010
		\$	\$	\$	\$
5 OTHER FINANCIAL ASSETS					
Available-for-sale financial assets	5(a),22	41,769,967	31,461,768	36,994,060	31,461,771
Less: non-current portion		41,769,967	31,461,768	36,994,060	31,461,771
Current portion		-	-	-	-

(a) Available-for-sale financial assets comprise:

Investments - at fair value

Fixed interest securities	-	479,790	-	479,790
Unit held in related entity	-	-	1	1
Shares held in related entities	-	-	2	2
Shares and other securities held in listed entities	167,416	157,920	167,416	157,920
Units held in managed equity funds	41,602,551	30,824,058	36,826,641	30,824,058
	<u>41,769,967</u>	<u>31,461,768</u>	<u>36,994,060</u>	<u>31,461,771</u>

(b) Shares in subsidiaries are carried at cost.

SILVER CHAIN NURSING ASSOCIATION (INCORPORATED)
AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	CONSOLIDATED		ASSOCIATION	
	2011 \$	2010 \$	2011 \$	2010 \$
6 OTHER CURRENT ASSETS				
Prepayments	957,593	1,168,747	957,593	1,168,747
7 PROPERTY, PLANT AND EQUIPMENT				
Land and Buildings				
At cost	25,587,630	25,419,275	25,587,630	25,419,275
Less: Accumulated depreciation	(3,210,547)	(2,727,534)	(3,210,547)	(2,727,534)
	7 (a),(b), (c)			
	22,377,083	22,691,741	22,377,083	22,691,741
Plant and Equipment				
At cost	5,632,305	6,322,129	5,632,305	6,322,129
Less: Accumulated depreciation	(3,402,818)	(4,414,436)	(3,402,818)	(4,414,436)
	7 (c)			
	2,229,487	1,907,693	2,229,487	1,907,693
Motor Vehicles				
At cost	11,683,783	9,242,841	11,683,783	9,242,841
Less: Accumulated depreciation	(1,365,174)	(1,471,467)	(1,365,174)	(1,471,467)
	7 (c)			
	10,318,609	7,771,374	10,318,609	7,771,374
TOTAL PROPERTY, PLANT AND EQUIPMENT	34,925,179	32,370,808	34,925,179	32,370,808

(a) The reference to "Land and Buildings" as at 30 June 2011, includes an amount of \$16,302 (2010: \$16,623) being the carrying value of buildings and improvements owned by the Association and located upon crown land.

(b) Land and buildings subject to Deed of Trust

Pursuant to a Deed of Trust with the Lotteries Commission (Lotterywest), the Association has a 20.9% interest in the land and buildings associated with the extension of Silver Chain House. At the conclusion of the Trust in 2021, the Association's interest will become 100%, subject to the Association having complied with all its obligations under the Deed of Trust. The carrying value of the land and buildings is recorded in the Association's accounts at \$1,591,833 (2010: \$1,625,848) being the total cost of the project less accumulated depreciation.

**SILVER CHAIN NURSING ASSOCIATION (INCORPORATED)
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

	CONSOLIDATED		ASSOCIATION	
	2011	2010	2011	2010
	\$	\$	\$	\$
7 PROPERTY, PLANT AND EQUIPMENT (CONTD)				
(c) Movements in carrying amounts				
Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year				
<i>Land and Buildings</i>				
Carrying amount as at 1 July	22,691,741	81,646,613	22,691,741	81,646,613
Additions	193,347	6,339,071	193,347	6,339,071
Disposals	(24,785)	(22,721,723)	(24,785)	(22,721,723)
Transfer to investment property	-	(41,567,475)	-	(41,567,475)
Depreciation expense	(483,220)	(1,004,745)	(483,220)	(1,004,745)
Carrying amount as at 30 June	22,377,083	22,691,741	22,377,083	22,691,741
<i>Plant and Equipment</i>				
Carrying amount as at 1 July	1,907,693	2,255,048	1,907,693	2,255,048
Additions	759,154	313,135	759,154	313,135
Disposals	(20,639)	(257,383)	(20,639)	(257,383)
Depreciation expense	(416,721)	(403,107)	(416,721)	(403,107)
Carrying amount as at 30 June	2,229,487	1,907,693	2,229,487	1,907,693
<i>Motor Vehicles</i>				
Carrying amount as at 1 July	7,771,374	8,464,307	7,771,374	8,464,307
Additions	8,485,261	4,049,018	8,485,261	4,049,018
Disposals	(4,479,437)	(3,442,826)	(4,479,437)	(3,442,826)
Depreciation expense	(1,458,589)	(1,299,125)	(1,458,589)	(1,299,125)
Carrying amount as at 30 June	10,318,609	7,771,374	10,318,609	7,771,374

8 INVESTMENT PROPERTY

At Fair Value

Balance at 1 July	28,320,965	-	28,320,965	-
Transferred from property, plant and equipment	-	41,567,475	-	41,567,475
Gain/(loss) on property revaluation	-	(13,246,510)	-	(13,246,510)
Other changes	-	-	-	-
Balance at 30 June	28,320,965	28,320,965	28,320,965	28,320,965

(a) Amounts recognised in profit and loss for investment properties

Rental income	1,264,975	278,373	1,264,975	278,373
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(b) Valuation basis

The basis of the valuation of investment properties is fair value, being the amount of the present value of future lease payments rather than current prices in an active market.

Fair value was determined using discounted cash flow projects based on an inflation rate of 3% and a capitalisation rate of 9%.

(c) Non-Current assets pledged as security

Silver Chain do not have any investment properties pledged as security other than as described in Note 11 (a)

SILVER CHAIN NURSING ASSOCIATION (INCORPORATED)
AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

8 INVESTMENT PROPERTY (CONT'D)

(d) Leasing arrangements

The investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows:

NOTE	CONSOLIDATED		ASSOCIATION	
	2011	2010	2011	2010
	\$	\$	\$	\$
Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:				
Within one year	1,605,666	1,256,172	1,605,666	1,256,172
Later than one year but not later than 5 years	7,025,021	7,567,086	7,025,021	7,567,086
	<u>8,630,687</u>	<u>8,823,258</u>	<u>8,630,687</u>	<u>8,823,258</u>

9 OTHER NON-CURRENT ASSETS

Estimated future benefits on lease for life assets

-	-	-	-
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10 TRADE AND OTHER PAYABLES

Current

Creditors and accrued expenses	13,716,026	13,213,726	13,716,026	13,213,733
Employee benefits	7,134,962	6,726,725	7,134,962	6,726,725
	<u>20,850,988</u>	<u>19,940,451</u>	<u>20,850,988</u>	<u>19,940,458</u>

11 FINANCIAL LIABILITIES

Financial liabilities comprise borrowings that are valued at the present value of the future cash flows:

Current

Loan - City of Fremantle	11 (a)	112,042	119,104	112,042	119,104
		<u>112,042</u>	<u>119,104</u>	<u>112,042</u>	<u>119,104</u>

Non-Current

Loan - City of Fremantle	11 (a)	385,219	497,261	385,219	497,261
		<u>385,219</u>	<u>497,261</u>	<u>385,219</u>	<u>497,261</u>

(a) The loan from the City of Fremantle is secured by way of a mortgage over the certificate of title to the Association's property located at 12 Laidlaw Street, Hilton (John Mercer Lodge).

**SILVER CHAIN NURSING ASSOCIATION (INCORPORATED)
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

12 PROVISIONS	NOTE	CONSOLIDATED		ASSOCIATION	
		2011 \$	2010 \$	2011 \$	2010 \$
Current					
Long-term employee benefits		2,281,054	2,184,565	2,281,054	2,184,565
Non-Current					
Long-term employee benefits		4,484,894	4,244,285	4,484,894	4,244,285
Workers compensation insurance		288,968	1,484,694	288,968	1,484,694
		<u>4,773,862</u>	<u>5,728,979</u>	<u>4,773,862</u>	<u>5,728,979</u>
TOTAL PROVISIONS		<u>7,054,916</u>	<u>7,913,544</u>	<u>7,054,916</u>	<u>7,913,544</u>
		No.	No.	No.	No.
Number of full time equivalent employees at year end		1,269	1,038	1,269	1,038

	Long-term employee benefits \$	Workers compensation insurance \$	Total \$
Consolidated			
Opening Balance as at 1 July 2010	6,428,850	1,484,694	7,913,544
Additional provisions raised during the year	1,508,318	2,783,577	4,291,895
Amounts used	(1,171,220)	(3,979,303)	(5,150,523)
Balance as at 30 June 2011	<u>6,765,948</u>	<u>288,968</u>	<u>7,054,916</u>
Association			
Opening Balance as at 1 July 2010	6,428,850	1,484,694	7,913,544
Additional provisions	1,508,318	2,783,577	4,291,895
Amounts used	(1,171,220)	(3,979,303)	(5,150,523)
Balance as at 30 June 2011	<u>6,765,948</u>	<u>288,968</u>	<u>7,054,916</u>

Provision for long-term employee benefits

A provision has been recognised for employee benefits relating to long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits has been included in Note 1(f).

Provision for workers compensation insurance

A provision has been recognised for workers compensation insurance premiums. The measurement and recognition criteria for workers compensation insurance premiums has been included in Note 1(g).

13 RESERVES

Asset revaluation reserve

The asset revaluation reserve records revaluations of non-current assets.

Asset realisation reserve

The asset realisation reserve records realised gains on sale of non-current assets.

Financial assets reserve

The financial assets reserve records revaluation of available-for-sale financial assets.

SILVER CHAIN NURSING ASSOCIATION (INCORPORATED)
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	CONSOLIDATED		ASSOCIATION	
	2011	2010	2011	2010
	\$	\$	\$	\$
14 NET RESULT FROM ORDINARY ACTIVITIES				
Net result from ordinary activities has been determined after:				
Expenses				
Donation of net bequests to Silver Chain Foundation	-	-	396,628	1,631,173
Depreciation of property, plant and equipment:				
Buildings	(483,220)	1,004,745	(483,220)	1,004,745
Plant and equipment	(416,721)	403,107	(416,721)	403,107
Motor Vehicles	(1,458,589)	1,299,125	(1,458,589)	1,299,125
	<u>(2,358,530)</u>	<u>2,706,977</u>	<u>(2,358,530)</u>	<u>2,706,977</u>
Bad and doubtful debts - trade debtors	295,409	93,525	295,409	93,525
Operating lease rental - minimum lease payments	527,049	470,412	527,049	470,412
Impairment of investment properties	-	13,246,510	-	13,246,510

15 DISCONTINUED OPERATIONS

Disposal of Residential Aged Care Services

During the year ended 2010 Silver Chain disposed of Residential Aged Care Service operations and related property, plant and equipment. This planned sale followed the strategic decision to exit residential services and focus on community health care.

Analysis of profit for the year from discontinued operations

Results of discontinued operations

	2011	2010
	\$	\$
Revenue	-	9,490,747
Expenses	-	10,599,061
Operating results from discontinued operations	-	(1,108,314)
Gain/(loss) on sale of discontinued operations	-	14,897,230
Profit/(loss) for the year from discontinued operations	-	<u>13,788,916</u>

Cash flow information

Cash flows from discontinued operations

Net cash outflows from operating activities	-	(1,993,938)
Net cash inflows from investing activities	-	11,875,189
Net cash outflows from financing activities	-	(510,521)
Net cash inflows	-	<u>9,370,730</u>

Details of the sale of residential services

Consideration received

Cash	-	17,045,937
Deferred benefits on lease for life assets	-	9,688,091
Transactions and other outgoings	-	(1,353,000)
Carrying amount of net assets sold	-	(10,483,798)
Gain/(loss) on sale	-	<u>14,897,230</u>

SILVER CHAIN NURSING ASSOCIATION (INCORPORATED)
AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	CONSOLIDATED		ASSOCIATION	
	2011	2010	2011	2010
	\$	\$	\$	\$
16 KEY MANAGEMENT PERSONNEL COMPENSATION				
Short-term employee benefits	1,743,855	1,620,569	1,743,855	1,620,569
Post-employment benefits	139,538	130,497	139,538	130,497
Other long-term benefits	38,189	53,320	38,189	53,320
Termination Benefits	24,754	-	24,754	-
	<u>1,946,336</u>	<u>1,804,386</u>	<u>1,946,336</u>	<u>1,804,386</u>
17 AUDITORS' REMUNERATION				
Audit of the financial report	89,600	84,190	84,240	78,630
Other services	17 (a) 28,328	32,179	28,328	32,179
	<u>117,928</u>	<u>116,369</u>	<u>112,568</u>	<u>111,009</u>
(a) Other services include the provision of taxation, internal audit services and audit of annual funding acquittals.				
18 RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO NET RESULT FROM ORDINARY ACTIVITIES				
	CONSOLIDATED		ASSOCIATION	
	2011	2010	2011	2010
	\$	\$	\$	\$
Net Result from Ordinary Activities	<u>12,911,044</u>	<u>17,932,312</u>	<u>12,586,761</u>	<u>16,376,315</u>
Non-Cash Items - Income and Expenses				
Depreciation of property, plant and equipment	2,358,530	2,706,977	2,358,530	2,706,977
Impairment loss on investment property	-	13,246,510	-	13,246,510
(Gain)/loss on disposal of residential	-	(14,897,230)	-	(14,897,230)
(Gain)/loss on sale of property, plant and equipment	376,678	115,190	376,678	115,190
(Gain)/loss on sale of investments	169,199	(590,911)	169,199	(590,911)
Dividend and distribution reinvestments	(79,979)	(89,395)	(79,979)	(89,395)
Present value discount on loan interest	100,896	117,630	100,896	117,630
Provision for impairment of trade receivables	165,633	35,781	165,633	35,781
Provisions for employee leave benefits	745,333	81,905	745,333	81,905
Provision for workers compensation insurance	(1,195,726)	(4,737,236)	(1,195,726)	(4,737,236)
	<u>2,640,564</u>	<u>(4,010,779)</u>	<u>2,640,564</u>	<u>(4,010,779)</u>
Changes in Assets and Liabilities				
Increase/(Decrease) in receivables	(363,770)	503,050	(363,770)	528,479
Increase/(Decrease) in prepayments	206,330	(698,409)	206,330	(698,409)
Increase/(Decrease) in trade and other payables	(2,107,649)	(3,741,842)	(1,711,543)	(2,491,784)
	<u>(2,265,089)</u>	<u>(3,937,201)</u>	<u>(1,868,983)</u>	<u>(2,661,714)</u>
Net Cash Provided by Operating Activities	<u>13,286,519</u>	<u>9,984,332</u>	<u>13,358,342</u>	<u>9,703,822</u>

**SILVER CHAIN NURSING ASSOCIATION (INCORPORATED)
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

	CONSOLIDATED		ASSOCIATION	
	2011	2010	2011	2010
	\$	\$	\$	\$
19 RECONCILIATION OF CASH				
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:				
Cash and cash equivalents	25,082,728	24,799,873	23,517,224	18,587,420
20 NON-CASH TRANSACTIONS				
Purchase of motor vehicles - financed by trade in value of motor vehicles	4,499,682	2,996,752	4,499,682	2,996,752
Purchase of investments - financed by reinvestment of distributions received	79,979	81,900	79,979	81,900
	<u>4,579,661</u>	<u>3,078,652</u>	<u>4,579,661</u>	<u>3,078,652</u>

21 RELATED PARTY TRANSACTIONS

(a) The following entities are subsidiaries of the Silver Chain Nursing Association (Incorporated):

Silver Chain Foundation
Silver Chain Corporate Services Pty Ltd (Incorporated in Australia), trustee for Silver Chain Foundation Unit Trust
XCP Pty Ltd (Incorporated in Australia), trustee for Silver Chain Foundation Staff Services Trust

The following related party transactions occurred during the year based on normal commercial terms and conditions:

(i) Donations from Silver Chain Foundation for:				
- Operating purposes	-	-	529,331	380,797
- Capital purposes	-	-	-	-
	<u>-</u>	<u>-</u>	<u>529,331</u>	<u>380,797</u>
(ii) Donation of net bequests to Silver Chain Foundation			(396,628)	(1,631,173)
(iii) Aggregate amounts of receivable from / (payable to) related parties	-	-	(1,055,683)	(1,188,597)

(b) The Members of the Silver Chain Nursing Association Board of Management during the financial year ended 30 June 2011, were:

Mrs D Browning	Dr M C McNulty
Mrs G M McMath (resigned 5 November 2010)	Mr R K Radley
Mr P J Gibbons	Mr H Chrystal
Mrs J E Keene	Dr J A Straton
Dr M McComish (appointed 2 July 2010)	Mr J R Cahill (appointed 2 July 2010)

(c) Silver Chain Nursing Association Board Members' remuneration.

Silver Chain Nursing Association Board Members are not remunerated for their services.

(d) Insurance of Directors and Officers

During the financial year, Silver Chain Nursing Association paid a premium in respect of a contract insuring all Board Members, Directors and Officers (including employees) of the Association and of related bodies corporate against certain liabilities specified in the insurance contract.

**SILVER CHAIN NURSING ASSOCIATION (INCORPORATED)
AND ITS CONTROLLED ENTITIES**

(e) Other transactions with key management personnel

During the current financial year, the following transactions occurred between the Association and key management personnel based on normal commercial terms and conditions.

(i) Medical services by Dr M C McNulty, a member of the board

(ii) Consultancy services from PricewaterhouseCoopers and GEM Consulting. Mr R K Radley, a member of the board is a partner at PricewaterhouseCoopers and an executive member of GEM Consulting.

The aggregate amounts of each of the above types of transactions with key management personnel during the following years were:-

	CONSOLIDATED		ASSOCIATION	
	2011	2010	2011	2010
	\$	\$	\$	\$
Medical Services	22,288	22,112	22,288	22,112
Consulting	250,305	56,467	250,305	56,467

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

22 FINANCIAL INSTRUMENTS DISCLOSURES

The Silver Chain Group's principal financial instruments comprise of receivables, payables, loans, available-for-sale investments, cash, short-term deposits and long-term deposits.

The Group manages its exposure to key financial risks, including interest rate risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, price risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Assets and Liabilities Committee proposes financial investment decisions to the Audit and Risk Management Committee. The primary responsibility for identification and control of financial risks rests with the Audit and Risk Management Committee under the authority of the Board. The Board reviews and agrees policies for managing each of these risks identified below, including the setting of limits for interest rate risk, price risk, credit risk and liquidity risk.

Risks, Exposures and Responses

Interest rate risk

The Silver Chain Group's exposure to interest rate risk relates primarily to the Group's cash and cash equivalents as disclosed in Note 2. This balance includes fixed interest instruments that are not exposed to interest rate movements as at 30 June 2011. A sensitivity analysis has not been shown as the impact on cash and cash equivalents subject to interest rate risk exposure is immaterial.

The Silver Chain Group's financial liabilities are non interest bearing and includes loan balances from the City of Fremantle. This loan is interest free and therefore is not exposed to interest rate risk exposures and as such a sensitivity analysis is not required.

The Silver Chain Group, through its Assets and Liabilities Committee and Audit and Risk Committee constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions and the mix of fixed and variable interest rates and securities.

**SILVER CHAIN NURSING ASSOCIATION (INCORPORATED)
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

22 FINANCIAL INSTRUMENTS DISCLOSURES (CONT'D)

Price Risk

The Silver Chain Group's price risk arises from investments in managed equity funds. This arises from investments held by the Group and classified on the Statement of Financial Position as available-for-sale financial assets. To limit this risk the Group diversifies its portfolio in accordance with limits set by the Board. The managed equity funds invest in publicly traded securities on the ASX or on major international markets.

At reporting date, the Group had the following mix of investments in managed equity funds exposed to price risk:

	2011	2010
	\$	\$
Australian Stock Exchange	37,932,246	23,924,896
International Stock Exchanges	3,670,305	6,899,162
	<u>41,602,551</u>	<u>30,824,058</u>

The following sensitivity analysis is based on the price risk exposures in existence at the reporting date (Consolidated and Association are the same)

The table below illustrates the impact of increases / (decreases) in the indices on the Group's and the Association's accumulated funds and reserves. The analysis is based on the assumption that the equity indices increased and decreased by 5% with all other variables held constant and all the Group's and Association's equity instruments moved according to the historical correlation with the indices.

Table B

Index increase by 5%	Accumulated Funds & Reserves	
	2011	2010
	\$	\$
Australian Stock Exchange	1,896,612	1,196,245
International Stock Exchanges	183,515	344,858
	<u>2,080,127</u>	<u>1,541,203</u>
	Higher	
Index decrease by 5%	Accumulated Funds & Reserves	
	2011	2010
	\$	\$
Australian Stock Exchange	(1,896,612)	(1,196,245)
International Stock Exchanges	(183,515)	(344,858)
	<u>(2,080,127)</u>	<u>(1,541,203)</u>
	(Lower)	

The Board believes the reporting date risk exposures are representative of the risk exposure inherent in the financial instruments.

Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause the Silver Chain Group to make a financial loss. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions and consumers, including outstanding receivables and committed transactions. The Group has exposure to credit risk on all financial assets included in the Group's statement of financial position. To help manage this risk:

- financial instrument transactions are spread with financial institutions having a minimum S&P rating of BBB;
- there are policies as to the level of investment in any particular financial instrument and financial institution and where applicable, independent financial advice is sought;
- there is a policy of referring customers to the relevant operations manager for customers Silver Chain Group deals with;
- exposure is managed to individual entities Silver Chain Group transacts with, through contracts entered with only reputable customers.

**SILVER CHAIN NURSING ASSOCIATION (INCORPORATED)
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

22 FINANCIAL INSTRUMENTS DISCLOSURES (CONT'D)

Trade receivables consist of a large number of customers comprising government, business and individual consumers. The Silver Chain Group does not have any significant risk exposure to a single customer or groups of customers. Ongoing review of the Group's ageing debtors is performed and where appropriate, a provision for impairment of trade receivables is raised. For further details regarding the Group's trade and other receivables refer to Note 4.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

Table C	CONSOLIDATED		ASSOCIATION	
	2011	2010	2011	2010
	\$	\$	\$	\$
Cash and cash equivalents				
AAA	1,112,925	4,055,165	1,112,925	4,055,165
AA	15,300,123	12,836,103	15,287,619	9,502,307
A+	6,020,419	3,549,724	6,020,419	3,549,724
A-	1,096,261	1,012,216	1,096,261	1,012,216
BBB+	1,550,000	2,878,657	-	-
Other insignificant concentrations	-	468,006	-	468,006
	2	<u>25,082,728</u>	<u>24,799,873</u>	<u>23,517,224</u>
Trade receivables				
Counterparties without external credit rating *	4	<u>1,680,720</u>	<u>1,202,270</u>	<u>1,202,270</u>
Available for sale investments				
Counterparties without external credit rating **	5	<u>41,769,967</u>	<u>31,461,768</u>	<u>36,994,060</u>
		<u>41,769,967</u>	<u>31,461,768</u>	<u>3,146,171</u>

* Trade receivables do not have an external credit rating due to the nature of the industry Silver Chain Group operates in.

** Choice of investments that do not have an external credit rating are made in accordance with Silver Chain's investment policy. Investments held are with financial institutions of good standing.

Liquidity risk

Liquidity risk includes the following risks that arise as a result of Silver Chain's Group operational liquidity requirements:

- insufficient funds to settle a transaction on the due date;
- financial assets will be forced to sell at a value which is less than what they are worth;
- inability to settle or recover a financial asset at all.

To help reduce these risks the Silver Chain Group:

- has a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- has readily accessible standby facilities and other funding arrangements in place;
- generally uses instruments that are tradeable in highly liquid markets; and
- has a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments ranging from ultra liquid, highly liquid and liquid instruments.

The Silver Chain Group's borrowings are made up of an interest free loan from the City of Fremantle. As at 30 June 2011, 19% of the Group's debt will mature in less than one year (2010: 16%).

Maturities of financial liabilities

The table below analyses the Group's and the Association's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts presented represent the future undiscounted principal and interest cash flows and therefore do not equate to the values shown in Table A and Table B.

Maturity analysis of financial liabilities based on management's expectation (Consolidated and Association are the same):

**SILVER CHAIN NURSING ASSOCIATION (INCORPORATED)
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

22 FINANCIAL INSTRUMENTS DISCLOSURES (CONTD)

Table D	6-12 months	1-5 years	> 5 years	Total
Year ended 30 June 2011	\$	\$	\$	\$
Financial Liabilities				
Trade payables	2,075,885	-	-	2,075,885
Other payables	11,541,479	-	-	11,541,479
Borrowings	112,042	385,219	497,261	994,522
	<u>13,729,406</u>	<u>385,219</u>	<u>497,261</u>	<u>14,611,886</u>
Year ended 30 June 2010	\$	\$	\$	\$
Financial Liabilities				
Trade payables	2,634,345	-	-	2,634,345
Other payables	11,919,129	-	-	11,919,129
Borrowings	220,000	880,000	275,000	1,375,000
	<u>14,773,474</u>	<u>880,000</u>	<u>275,000</u>	<u>15,928,474</u>

The maturity analysis above assumes a worse case scenario, the Board believes the occurrence of this is extremely remote. As at reporting date, the Silver Chain Group has sufficient current financial assets to allow it to meet its liabilities when they become due.

(c) Net Fair Values

The net fair values of:

- listed investments have been valued at the quoted market bid prices at reporting date adjusted for transaction costs expected to be incurred.
- unlisted investments in managed equity funds have been based on market values provided by fund managers as at balance date.
- government bonds and fixed interest securities are determined by discounting the cash flows, at the market interest rates of similar securities, to their present value.
- other loans and amounts due are determined by discounting the cash flows, at market interest rates of similar borrowings, to their present value.
- other assets and liabilities approximate their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

23 LEASING COMMITMENTS

NOTE

CONSOLIDATED

ASSOCIATION

2011

2010

2011

2010

Operating Lease Commitments

\$

\$

\$

\$

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

Payable - minimum lease payments

- not later than 1 year
- later than 1 year but not later than 5 years
- greater than 5 years

362,030

329,369

382,030

329,369

432,133

622,033

432,133

622,033

123,482

143,326

123,482

143,326

937,645

1,094,726

937,645

1,094,728

**SILVER CHAIN NURSING ASSOCIATION (INCORPORATED)
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

24 CONTINGENT LIABILITY

The Association has been the recipient of funding for specific capital purposes under specific agreements. Certain funding has been utilised by the Association to purchase assets where, under the terms of the specific capital agreements, if those assets are subsequently disposed of by the Association, the Association may be liable to refund a portion or all of the original capital funding.

25 EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the year end, Silver Chain Nursing Association (Incorporated) signed a Merger Implementation Deed with RDNS South Australia. The merger of the two groups will take effect from 1 September 2011.

Apart from the event above, there are, as the date of this report, no matter or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Silver Chain Group, the results of those operations or the state of affairs of the Group in future financial years.

26 CONTINUING COMPLIANCE WITH AUSTRALIAN ACCOUNTING STANDARDS

The following Australian Accounting Standards issued or amended are applicable to the Silver Chain group but not yet effective and have not been adopted in preparation of the financial statements at the reporting date.

AASB Reference	AASB Standard Affected	Nature of Change in Accounting Policy and Impact	Application date of the standard	Application date for the Silver Chain group
Revised	AASB 7 : Financial Instruments: Disclosures	No change, no impact	1 January 2011	1 July 2011
Revised	AASB 2010-2 : Reduced Disclosure Requirements	As Silver Chain Nursing Association (Incorporated) is a Tier 2 reporting entity, reduced disclosure requirements can be adopted.	1 July 2013	1 July 2013
Revised	AASB 9 : Financial Instruments	As this is only mandatory for the 30 June 2014 year end, the entity has not made an assessment of the impact of these amendments	1 January 2013	1 July 2013
Revised	AASB 101 : Presentation of Financial Statements	No change, no impact	1 January 2011	1 July 2011
Revised	IFRS 13 : Fair Value Measurement	As this is only mandatory for the 30 June 2014 year end, the entity has not made an assessment of the impact of these amendments	1 January 2013	1 July 2013
Revised	IAS 1 : Presentation of Items of Other Comprehensive Income	Alignment of presentation of other comprehensive income (OCI) with US GAAP. Impact on naming and grouping of transactions.	1 January 2013	1 July 2013

All other pending Standards and Interpretations issued between the previous financial report and the current reporting dates have no application to the Silver Chain Group.

27 ASSOCIATION DETAILS

Silver Chain Nursing Association (Incorporated) is an association domiciled and incorporated in Australia under the Associations Incorporation Act 1987.

The principal place of business of the Association is:

6 Sunderland Street
OSBORNE PARK, WA, 6017

The principal activities of the Association during the financial year were the provision of community care and rural and remote health services.



**SILVER CHAIN FOUNDATION
SPECIAL PURPOSE
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SILVER CHAIN FOUNDATION

We have audited the accompanying financial report, being a special purpose financial report of Silver Chain Foundation, which comprises the statement of financial position as at 30 June 2011, the statement of 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 statement of the Board of Management.

The Responsibility of Board of Management for the Financial Report

The Board of Management of Silver Chain Foundation are responsible for the preparation of the financial report, and have determined that the basis of preparation described in Note 2 to the financial report, is appropriate to meet the financial reporting requirements of the constitution and is appropriate to meet the needs of the members. The Board of Management's responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have 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 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 entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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 Australian professional accounting bodies.

Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of Silver Chain Foundation as at 30 June 2011, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards to the extent described in Note 2.



Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the constitution. As a result, the financial report may not be suitable for another purpose.

BDO Audit (WA) Pty Ltd

A small, stylized blue logo of the letters 'BDO'.

A handwritten signature in blue ink, appearing to read 'Glyn O'Brien'.

Glyn O'Brien
Director

Perth, Western Australia
Dated this 30th day of August 2011

SILVER CHAIN FOUNDATION

STATEMENT BY BOARD OF MANAGEMENT

On behalf of the Board of Management of Silver Chain Foundation, we hereby state that to the best of our knowledge and belief, the accompanying financial report of the Foundation is properly drawn up and presents fairly, the financial position of the Foundation as at 30 June 2011 and of the results for the year then ended.

Dated at Perth this day of August 2011.

Signed in accordance with a resolution of the Board.



M C McNulty
President
Board of Management



J R Cahill
Chair
Audit and Risk Management Committee

SILVER CHAIN FOUNDATION

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011**

	NOTE	2011 \$	2010 \$
CURRENT ASSETS			
Cash and cash equivalents		1,565,501	6,212,452
Other receivables		193,519	89,316
Amounts owing from related entities		1,055,625	1,188,595
TOTAL CURRENT ASSETS		<u>2,814,645</u>	<u>7,490,363</u>
NON-CURRENT ASSETS			
Financial assets	3	4,776,112	202
TOTAL NON-CURRENT ASSETS		<u>4,776,112</u>	<u>202</u>
TOTAL ASSETS		<u>7,590,757</u>	<u>7,490,565</u>
CURRENT LIABILITIES			
Amounts owing to related entities		-	-
TOTAL CURRENT LIABILITIES		<u>-</u>	<u>-</u>
TOTAL LIABILITIES		<u>-</u>	<u>-</u>
NET ASSETS		<u>7,590,757</u>	<u>7,490,565</u>
ACCUMULATED FUNDS & RESERVES			
Accumulated funds	4	7,814,848	7,490,565
Reserves - Available for Sale Financial Assets		(224,091)	
TOTAL ACCUMULATED FUNDS & RESERVES		<u>7,590,757</u>	<u>7,490,565</u>

The accompanying notes form part of these financial statements.

SILVER CHAIN FOUNDATION

**DETAILED INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011**

	2011	2010
	\$	\$
INCOME		
Donation from Silver Chain Nursing Association	396,628	1,631,173
Interest and dividends	457,496	306,170
TOTAL INCOME	<u>854,124</u>	<u>1,937,343</u>
EXPENDITURE		
Donation to Silver Chain Nursing Association	529,331	380,796
Operating expenditure	510	550
TOTAL EXPENDITURE	<u>529,841</u>	<u>381,346</u>
SURPLUS / (DEFICIT) FOR THE YEAR	<u>324,283</u>	<u>1,555,997</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

1 ESTABLISHMENT

Silver Chain Foundation was established on 8 October 1988.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared in order to satisfy the accounts preparation requirements of the Constitution. The Board of Management have determined that the Foundation is not a reporting entity and therefore there is no requirement to apply Australian Accounting Standards, Urgent Issues Group Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board in the preparation and presentation of this report.

The following is a summary of material accounting policies adopted by the Foundation in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

This financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected financial assets for which the fair value basis of accounting has been applied.

Accounting Policies

(a) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(b) Financial Assets

Recognition

Financial assets are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not acquired principally for the purpose of selling in the short-term or so designated by the Board of Management. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity. The fair value of available-for-sale financial assets is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for unlisted securities.

SILVER CHAIN FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

CHANGE IN ACCOUNTING POLICY

Segment Reporting

Previously segment information has been included to meet reporting requirements associated with the Department of Health and Ageing Conditional Adjustment Payment Funding relating to residential services. As Silver Chain has exited from residential services, there is no longer a requirement to report segment information. As a Not for Profit, the Silver Chain Group are not required to comply with AASB 8 Operating Segments

	NOTE	2011 \$	2010 \$
3 FINANCIAL ASSETS			
Available-for-sale financial assets	3(a)	4,776,112	202
Less: non-current portion		4,776,112	202
Current portion		<u>-</u>	<u>-</u>
(a) Available-for-sale financial assets comprise:			
Investments - at fair value			
Units held in Managed Equity Funds		4,775,910	
Units held in related entities		200	200
Shares in related entities		<u>2</u>	<u>2</u>
		<u>4,776,112</u>	<u>202</u>

(b) Units and shares in related entities are carried at cost.

4 ACCUMULATED FUNDS

Balance at 1 July	7,490,565	5,934,568
Surplus / (Deficit) for the year	<u>324,283</u>	<u>1,555,997</u>
Balance at 30 June	<u>7,814,848</u>	<u>7,490,565</u>

SILVER CHAIN FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

	NOTE	2011 \$	2010 \$
5 RELATED PARTY TRANSACTIONS			
i) The following related party transactions with the Association occurred during the year based upon			
		2011 \$	2010 \$
a) Donations received from Silver Chain Nursing Association (Incorporated)		396,628	1,631,174
b) Donations paid to Silver Chain Nursing Association (Incorporated)		529,331	380,796
c) Aggregate amounts receivable/(payable) from/to related parties:		1,055,625	1,188,595
ii) The members of the Board of Management during the financial year and as at the date of this report were:			
Mrs D E Browning		Dr M C McNulty	
Mr J R Cahill (appointed 2 July 2010)		Mr R K Radley	
Mr P J Gibbons		Mr H L Chrystal	
Mrs J E Keene		Dr J A Straton	
Dr M J McComish (appointed 2 July 2010)		Mr C H McGowan	
Mrs GM McMath (resigned 5 November 2010)			
iii) Other Transactions and Related Parties:			
a) The Foundation has a beneficial interest in the following related entities:			
		2011	2010
Silver Chain Corporate Services Pty Ltd		50%	50%
XCP Pty Ltd		50%	50%
Silver Chain Foundation Unit Trust		100%	100%
Silver Chain Foundation Staff Services Trust		100%	100%
		2011 \$	2010 \$
b) Aggregate amounts payable to other related entities			
Current Liabilities		(2)	(2)

FOR MORE INFORMATION ABOUT OUR SERVICES,
CONTACT SILVER CHAIN 24 HOURS A DAY,
7 DAYS A WEEK.

Telephone: (08) 9242 0242

Country callers: 1300 650 803
(for the cost of a local call)

Facsimile: (08) 9242 0268

Email: info@silverchain.org.au

Website: www.silverchain.org.au

Silver Chain Nursing Association (Incorporated)
6 Sundercombe Street OSBORNE PARK WA 6017
ABN 77 119 417 018



EVERY MINUTE. EVERY HOUR. EVERY DAY. WE CARE.