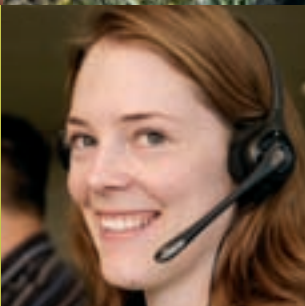
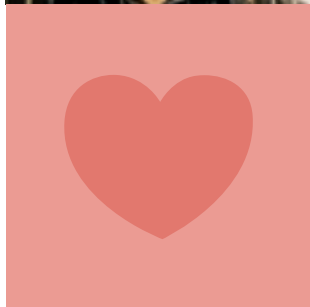
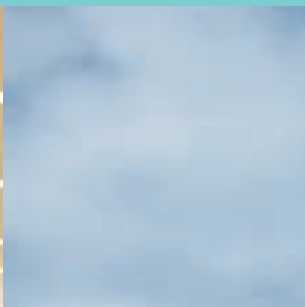


Annual Report for the year ended 30 June 2008



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



who cares...

we care

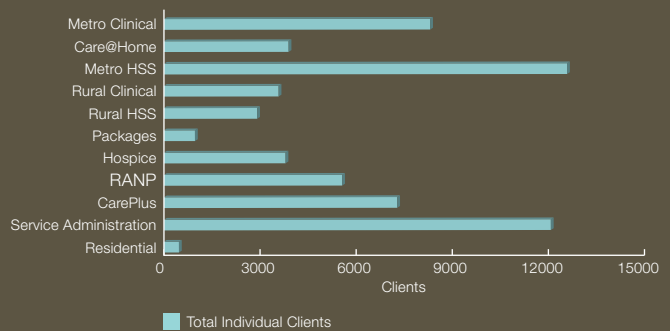
At a Glance

A Culture of Caring – Caring is what we do, it comes from the heart and is reflected in our behaviour. When we care, we are concerned about others, how they feel and how what we do affects them.

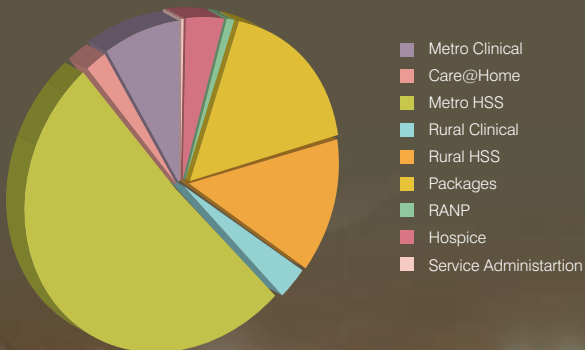
Statistics

Hours of care:	1,328,708
Clients assisted:	39,851
Average number of Clients visited per day:	3,251
Occasions of service:	1,608,936
Kilometres travelled by Silver Chain fleet vehicles:	12,224,339
Staff:	2,535
Volunteers:	700

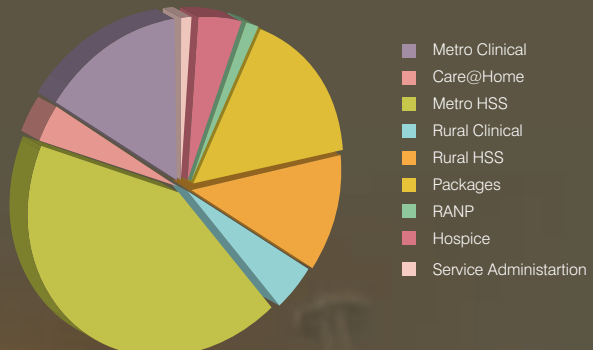
Total Individual Clients and Average Clients visited per day



Hours of Care



Occasions of Service



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STATEMENT BY BOARD OR MANAGEMENT

On behalf of the Board of Management of Silver Chain Nursing Association (Incorporated), we hereby state that to the best of our knowledge and belief, the accompanying financial report of the Association is properly drawn up and presents fairly, the financial position of the Association and the consolidated entity as at 30 June 2008 and the results of their activities for the year then ended.

Dated at Perth this 5th day of September 2008.

Signed in accordance with a resolution of the Board.



G J Anderson
President
Board of Management



J E Keene
Chair
Finance and Audit Committee

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 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 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. These committees have agreed terms of reference that define their roles and responsibilities. These are summarised below.

The **Finance and Audit 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 and related issues, review specific funding proposals, consider matters delegated by the Board and review overall financial policies and procedures. It also monitors the performance of investments and the scope of insurance cover.

This Committee meets monthly. Committee members are Mrs J E Keene (Chair), Mr G J Anderson, Mr P G Gibbons, Mr C H McGowan, Chief Executive Officer and Mr M G Bowd, General Manager, Finance. Mr R M Atkins held office as Chairman up to 8 October 2007 when he resigned from the Silver Chain Board.

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 reviews policies for service delivery and proposals for new types of services. The committee also provides advice to the Board on major care related issues.

This Committee meets monthly. Committee members are Dr M C McNulty (Chair), Mrs D Browning, Dr M S T Hobbs AO, Dr N Marinovich OAM, Dr G Lewin, Research Manager, Mr S Carmody, General Manager, Health, Mrs C Bain, General Manager, Home Support Services, Mrs S Cummins, General Manager, Country Services and Mr C H McGowan, Chief Executive Officer. Dr P B Shade, General Manager, Residential Care held office up to 11 January 2008 when he resigned from Silver Chain.

The **Corporate Governance and Nominations Committee** consists of the Chairman of the Board, the Chairman of the Finance and Audit Committee, the Chief Executive Officer and such other persons as the Committee may from time to time invite to be members of the Committee. The Committee meets from time to time to review the charter and structure of Silver Chain. It considers risk management issues and the conduct of the Board and Board Committees within widely adopted principles of good corporate governance. The committee makes recommendations to the Board as necessary. Committee members are Mrs G M McMath (Chair), Mrs D Browning, Mr G J Anderson, Mrs J E Keene and Mr C H McGowan, Chief Executive Officer. Mr R M Atkins held office up to 8 October 2007 when he resigned from the Silver Chain Board.

The **Human Research Ethics Committee** consists of two laypersons who are independent and with no affiliation to Silver Chain, a minister of religion or one of similar role, a lawyer, and a person with relevant knowledge and awareness. Apart from reporting to the Board, this Committee also reports 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 appointed at the Board meeting held on 4 April 2008 were Dr M McNulty (Chair), Mrs D Browning, Revd G Blyth, Dr J Heyworth, Ms A McKenzie, Ms S Vandermeulen, Mr J White, Ms M Walker. Dr G Lewin and Mr B Hart held office until 13 December 2007.

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 Board policy 'Ethical Investing and Management of Silver Chain Funds'.

INDEPENDENT AUDIT REPORT

To the members of SILVER CHAIN NURSING ASSOCIATION (INCORPORATED)

We have audited the accompanying financial report of both Silver Chain Nursing Association (Incorporated) and the consolidated entity, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies other explanatory notes and the statement of the Board of Management.

Board of Management's Responsibility for the Financial Report

The Board of Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility also includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing 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 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.

Auditor's Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of Silver Chain Nursing Association (Incorporated) as of 30 June 2008 and of its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards (including the Accounting Interpretations).

BDO Kendalls Audit & Assurance (WA) Pty Ltd



B G McVeigh
Director

Perth, Western Australia
Dated this 22nd day of September 2008

BALANCE SHEET
AS AT 30 JUNE 2008

	NOTE	CONSOLIDATED		ASSOCIATION	
		2008	2007	2008	2007
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	2, 3	27,289,604	15,833,303	21,794,544	10,831,829
Trade and other receivables	4	5,865,204	7,284,159	5,818,267	7,228,930
Financial assets	3, 5	-	1,521,002	-	1,010,469
Other current assets	6	717,182	764,258	717,182	764,258
TOTAL CURRENT ASSETS		33,871,990	25,402,722	28,329,993	19,835,486
NON-CURRENT ASSETS					
Financial assets	5	16,874,079	20,412,912	16,874,082	20,412,915
Property, plant and equipment	7	78,095,470	73,087,472	78,095,470	73,087,472
Other non-current assets	8	469,861	256,947	469,861	256,947
TOTAL NON-CURRENT ASSETS		95,439,410	93,757,331	95,439,413	93,757,334
TOTAL ASSETS		129,311,400	119,160,053	123,769,406	113,592,820
CURRENT LIABILITIES					
Trade and other payables	9	32,616,415	28,516,421	32,616,415	28,576,184
Short-term financial liabilities	10	140,763	181,374	140,763	181,374
Short-term provisions	11	1,801,293	1,324,966	1,801,293	1,324,966
TOTAL CURRENT LIABILITIES		34,558,471	30,022,761	34,558,471	30,082,524
NON-CURRENT LIABILITIES					
Trade and other payables	9	7,964,527	7,447,666	7,964,527	7,447,666
Long-term financial liabilities	10	1,016,929	1,157,691	1,016,929	1,157,691
Long-term provisions	11	7,652,182	6,396,791	7,652,182	6,396,791
TOTAL NON-CURRENT LIABILITIES		16,633,638	15,002,148	16,633,638	15,002,148
TOTAL LIABILITIES		51,192,109	45,024,909	51,192,109	45,084,672
NET ASSETS		78,119,291	74,135,144	72,577,297	68,508,148
EQUITY					
Accumulated funds		67,634,802	58,621,745	62,092,808	53,001,575
Reserves		10,484,489	12,989,055	10,484,489	12,982,229
Other funds	13	-	2,524,344	-	2,524,344
TOTAL EQUITY		78,119,291	74,135,144	72,577,297	68,508,148

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008**

	NOTE	CONSOLIDATED		ASSOCIATION	
		2008	2007	2008	2007
		\$	\$	\$	\$
Revenues from Operating Activities					
Home and Community Care grants		51,166,077	48,532,223	51,166,077	48,532,223
Department of Health grants		23,108,349	19,963,281	23,108,349	19,963,281
Commonwealth grants and subsidies		32,987,368	27,119,898	32,987,368	27,119,898
Community care and residential fees		10,320,115	9,285,830	10,320,115	9,285,830
Accommodation bond retentions		819,784	611,593	819,784	611,593
Sales, rentals and rebates		1,384,451	1,376,699	1,384,451	1,376,699
Donations from Silver Chain Foundation		-	-	401,635	519,163
Other donations and fundraising		2,010,572	2,004,797	2,009,546	2,004,797
Interest		1,938,766	1,222,117	1,612,251	871,899
		<u>123,735,482</u>	<u>110,116,438</u>	<u>123,809,576</u>	<u>110,285,383</u>
Expenditure relating to Operations					
Employee benefits costs		74,648,998	68,872,061	74,648,998	68,872,061
Other staff related costs		19,423,066	17,038,781	19,423,066	17,038,781
Consumables and cost of goods sold		8,278,439	7,200,982	8,278,439	7,200,982
Accommodation and maintenance expenses		3,873,891	3,517,627	3,873,891	3,517,627
Depreciation expenses	14	5,862,579	3,306,749	5,862,579	3,306,749
Impairment loss on investments		2,739,410	-	2,739,410	-
Finance costs		127,437	97,635	127,437	97,635
Other expenses		9,054,394	7,130,156	9,295,325	8,116,660
		<u>124,008,214</u>	<u>107,163,991</u>	<u>124,249,145</u>	<u>108,150,495</u>
Surplus / (Deficit) from Operations		<u>(272,732)</u>	<u>2,952,447</u>	<u>(439,569)</u>	<u>2,134,888</u>
Non Core Income					
	(a)				
Dividends and distributions		1,927,508	3,936,637	1,927,508	3,936,637
Specific purpose donations and bequests		3,204,108	2,238,426	3,204,108	2,152,574
Lotteries Commission (Lotterywest) capital grants		924,711	103,564	924,711	103,564
Government capital grants		390,965	881,923	390,965	881,923
Royalty income		62,500	687,500	62,500	687,500
Gain on disposal of property, plant and equipment		496,666	321,171	496,666	321,171
Gain / (loss) on disposal of non-current investments		(245,013)	665,273	-	665,273
		<u>6,761,445</u>	<u>8,834,494</u>	<u>7,006,458</u>	<u>8,748,642</u>
NET RESULT FROM ORDINARY ACTIVITIES	14	<u>6,488,713</u>	<u>11,786,941</u>	<u>6,566,889</u>	<u>10,883,530</u>

(a) Non Core Income

The Silver Chain Group reported a net surplus from ordinary activities of \$6,488,713 for the year ended 30 June 2008 (2007: \$11,786,941). This surplus includes irregular or abnormal revenues of a capital or non recurrent nature including specific donations and bequests. The impact of accounting standards is to include revenues of a capital nature as revenue in the income statement when received whereas the related expenditure is recognised as an asset in the balance sheet when incurred. This can significantly increase the reported surplus in any given financial year.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008**

	Retained Earnings	Asset Revaluation Reserve	Asset Realisation Reserve	Financial Assets Reserve	Other Funds	Total
	\$	\$	\$	\$	\$	\$
CONSOLIDATED						
Balance at 1 July 2006	47,009,691	9,607,283	511,433	2,406,338	2,349,457	61,884,202
Revaluation increment	-	-	-	761,087	-	761,087
Transfers to profit and loss on sale / maturity of financial assets	-	-	-	(297,086)	-	(297,086)
Net income recognised directly in equity	-	-	-	464,001	-	464,001
Net result for the year	11,786,941	-	-	-	-	11,786,941
Total recognised income and expense for the year	11,786,941	-	-	464,001	-	12,250,942
Transfer to House of Moore Fund	(174,887)	-	-	-	174,887	-
Total income and expenditure for the year	11,612,054	-	-	464,001	174,887	12,250,942
Balance at 30 June 2007	58,621,745	9,607,283	511,433	2,870,339	2,524,344	74,135,144
Revaluation decrement	-	-	-	(2,488,639)	-	(2,488,639)
Transfers to profit and loss on maturity of financial assets	-	-	-	(15,927)	-	(15,927)
Net expense recognised directly in equity	-	-	-	(2,504,566)	-	(2,504,566)
Net result for the year	6,488,713	-	-	-	-	6,488,713
Total recognised income and expense for the year	6,488,713	-	-	(2,504,566)	-	3,984,147
Transfer prior year revaluation increment to asset realisation reserve on sale of freehold property	-	(118,705)	-	-	-	(118,705)
Transfer from asset revaluation reserve realised increment on freehold property sold during the year	-	-	118,705	-	-	118,705
Transfer of funds relating to Bush Nursing Posts and House of Moore Fund to retained earnings	2,524,344	-	-	-	(2,524,344)	-
Total income and expenditure for the year	9,013,057	(118,705)	118,705	(2,504,566)	(2,524,344)	3,984,147
Balance at 30 June 2008	67,634,802	9,488,578	630,138	365,773	-	78,119,291

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008**

	Retained Earnings	Asset Revaluation Reserve	Asset Realisation Reserve	Financial Assets Reserve	Other Funds	Total
	\$	\$	\$	\$	\$	\$
ASSOCIATION						
Balance at 1 July 2006	42,292,932	9,607,283	511,433	2,400,350	2,349,457	57,161,455
Revaluation increment	-	-	-	760,249	-	760,249
Transfers to profit and loss on sale / maturity of financial assets	-	-	-	(297,086)	-	(297,086)
Net income recognised directly in equity	-	-	-	463,163	-	463,163
Net result for the year	10,883,530	-	-	-	-	10,883,530
Total recognised income and expense for the year	10,883,530	-	-	463,163	-	11,346,693
Transfer to House of Moore Fund	(174,887)	-	-	-	174,887	-
Total income and expenditure for the year	10,708,643	-	-	463,163	174,887	11,346,693
Balance at 30 June 2007	53,001,575	9,607,283	511,433	2,863,513	2,524,344	68,508,148
Revaluation decrement	-	-	-	(2,488,639)	-	(2,488,639)
Transfers to profit and loss on maturity of financial assets	-	-	-	(9,101)	-	(9,101)
Net expense recognised directly in equity	-	-	-	(2,497,740)	-	(2,497,740)
Net result for the year	6,566,889	-	-	-	-	6,566,889
Total recognised income and expense for the year	6,566,889	-	-	(2,497,740)	-	4,069,149
Transfer prior year revaluation increment to asset realisation reserve on sale of freehold property	-	(118,705)	-	-	-	(118,705)
Transfer from asset revaluation reserve realised increment on freehold property sold during the year	-	-	118,705	-	-	118,705
Transfer of funds relating to Bush Nursing Posts and House of Moore Fund to retained earnings	2,524,344	-	-	-	(2,524,344)	-
Total income and expenditure for the year	9,091,233	(118,705)	118,705	(2,497,740)	(2,524,344)	4,069,149
Balance at 30 June 2008	62,092,808	9,488,578	630,138	365,773	-	72,577,297

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008**

	NOTE	CONSOLIDATED		ASSOCIATION	
		2008	2007	2008	2007
		\$	\$	\$	\$
		Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
Cash Flows from Operating Activities	1(k)				
Grants and subsidies received		116,827,382	108,499,539	116,827,382	108,499,539
Revenue from operations		15,733,567	14,070,161	15,733,567	14,070,161
Receipts from donations and fundraising		5,214,528	4,243,222	5,213,502	4,157,370
Donations from Silver Chain Foundation		-	-	401,635	426,238
Donations to Silver Chain Foundation		-	-	(249,142)	(1,006,469)
Interest, dividends and distributions received		4,280,597	2,357,829	4,042,739	2,023,892
Payments to suppliers and employees		(117,004,031)	(106,136,850)	(116,995,529)	(106,127,566)
Finance costs		(80,415)	(72,415)	(80,415)	(72,415)
Goods and services tax paid		(5,690,130)	(4,326,236)	(5,690,137)	(4,326,256)
Net cash provided by operating activities	17	19,281,498	18,635,250	19,203,602	17,644,494
Cash Flows from Investing Activities	1(k)				
Purchase of property, plant and equipment		(10,408,347)	(21,181,962)	(10,408,347)	(21,181,962)
Purchase of investments		(1,245,013)	(2,000,000)	(1,000,000)	(2,000,000)
Proceeds from sale of property, plant and equipment		1,041,014	471,671	1,041,014	471,671
Proceeds from sale of investments		1,500,000	5,306,292	1,000,000	5,306,292
Net cash used in investing activities		(9,112,346)	(17,403,999)	(9,367,333)	(17,403,999)
Cash Flows from Financing Activities	1(k)				
Grants, subsidies and donations received for capital purposes :					
Donations from Silver Chain Foundation		-	-	-	92,924
Other grants, subsidies and donations		1,211,600	881,924	1,211,600	881,924
Proceeds from sale of lease for life assets		303,946	2,669,040	303,946	2,669,040
Loan funds repaid		(228,397)	(172,931)	(228,397)	(172,931)
Payments to controlled entities		-	-	(160,703)	-
Payments from controlled entities		-	-	-	564,301
Net cash provided by financing activities		1,287,149	3,378,033	1,126,446	4,035,258
Net increase in cash held		11,456,301	4,609,284	10,962,715	4,275,753
Cash at the beginning of the financial year		15,833,303	11,224,019	10,831,829	6,556,076
Cash at the End of the Financial Year	18	27,289,604	15,833,303	21,794,544	10,831,829
Non-Cash Transactions	19				

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

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 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), the Association, 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.

(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 balance sheet 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 income statement as gains and losses on sale of investments.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

(c) Financial Instruments (Cont'd)

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 income statement.

(d) Property, Plant and Equipment

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

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.

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 income statement. When revalued assets are sold, amounts included in the asset revaluation reserve relating to that asset are transferred to the asset realisation reserve.

(e) Impairment of Assets

At each reporting date, the Silver Chain Group reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

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.

(f) Employee Benefits

Provision is made for the liability for employee benefits arising from services rendered by employees to balance 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 balance 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

(g) Provision for Workers Compensation Insurance

Provision is made for the liability for workers compensation insurance premiums as at balance 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) Deferred Benefits on Lease for Life Assets

Proceeds from the sale of lease for life residential units are recognised in the balance sheet as deferred benefits on lease for life assets until the Silver Chain Group ceases to have continual management involvement in a unit. Deferred benefits on lease for life assets are measured at cost. The measurement and recognition criteria of revenue from lease for life assets has been included in Note 1(j)(v).

(i) 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.

(j) 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.

v) Revenue from lease for life assets

Revenue from lease for life assets is recognised upon the subsequent sale of a resident's unit. The contract between the resident and Silver Chain determines the method by which this revenue is calculated.

(k) 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 balance sheet 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 cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(l) 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.

(m) 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 income in the period in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

(n) 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.

Collectibility 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 income statement 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 income statement.

(o) 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

	NOTE	CONSOLIDATED		ASSOCIATION	
		2008	2007	2008	2007
		\$	\$	\$	\$
2. CASH AND CASH EQUIVALENTS					
Cash at bank, on hand and on deposit	3	27,289,604	15,833,303	21,794,544	10,831,829
3. RESTRICTED FUNDS					
Conditions Imposed by the Donor					
Specific bequests and donations		1,709,501	1,935,671	1,709,501	1,935,671
Statutory Restrictions					
Client Care Services Grants		8,298,325	6,680,889	8,298,325	6,680,889
Homeswest Long Term Maintenance Reserve		69,340	48,440	69,340	48,440
		8,367,665	6,729,329	8,367,665	6,729,329
Board Designation					
Capital projects and other approved commitments		7,094,000	3,854,000	6,580,000	3,310,000
Branch and fundraising committee funds		574,742	502,429	574,742	502,429
		7,668,742	4,356,429	7,154,742	3,812,429
Working capital for current and future commitments		9,543,696	4,332,876	4,562,635	(635,131)
TOTAL RESTRICTED FUNDS		27,289,604	17,354,305	21,794,544	11,842,298
Represented by:					
Cash and cash equivalents	2	27,289,604	15,833,303	21,794,544	10,831,829
Other financial assets - current	5	-	1,521,002	-	1,010,469
		27,289,604	17,354,305	21,794,544	11,842,298
4. TRADE AND OTHER RECEIVABLES					
Trade receivables		3,638,757	3,167,271	3,638,757	3,167,271
Other receivables		2,794,508	4,391,066	2,650,624	4,335,837
		6,433,265	7,558,337	6,289,381	7,503,108
Less: Provision for impairment of trade receivables	4(a)	568,061	274,178	568,061	274,178
		5,865,204	7,284,159	5,721,320	7,228,930
Amounts due from controlled entities		-	-	96,947	-
		5,865,204	7,284,159	5,818,267	7,228,930

(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 \$373,783 (2007: \$259,366) has been recognised in the current year. These amounts have been included in other expenses. Amounts written off of \$79,900 (2007: \$281,370) relate mostly to individual consumers and has 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):

	2008	2007
	\$	\$
Opening balance as at 1 July	274,178	296,182
Additional provisions	373,783	259,366
Amounts written off	(79,900)	(281,370)
Closing balance as at 30 June	568,061	274,178

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

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):

	2008		2007	
	Gross	Allowance	Gross	Allowance
	\$	\$	\$	\$
Not past due	1,549,106	-	638,562	-
Past due 1-60 days	817,935	-	1,133,725	-
Past due 61-120 days	413,331	-	77,591	-
Past 120 days	858,061	(568,061)	1,317,392	(274,178)
	<u>3,638,433</u>	<u>(568,061)</u>	<u>3,167,270</u>	<u>(274,178)</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 \$1,521,266 (2007: \$2,254,530). 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(n).

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 20(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 foreign exchange and interest rate risk exposure is disclosed in Note 21.

	NOTE	CONSOLIDATED		ASSOCIATION	
		2008	2007	2008	2007
		\$	\$	\$	\$
5. OTHER FINANCIAL ASSETS					
Available-for-sale financial assets	5(a)	16,874,079	21,933,914	16,874,082	21,423,384
Less: non-current portion		16,874,079	20,412,912	16,874,082	20,412,915
Current portion	3	-	1,521,002	-	1,010,469

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

Investments - at fair value

Fixed interest securities	4,394,670	6,344,922	4,394,670	5,834,389
Bush nursing deposit	30,000	30,000	30,000	30,000
Unit held in related entity	-	-	1	1
Shares held in related entities	-	-	2	2
Shares and other securities held in listed entities	191,100	214,935	191,100	214,935
Units held in managed equity funds	12,258,309	15,344,057	12,258,309	15,344,057
	<u>16,874,079</u>	<u>21,933,914</u>	<u>16,874,082</u>	<u>21,423,384</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

	NOTE	CONSOLIDATED		ASSOCIATION	
		2008	2007	2008	2007
		\$	\$	\$	\$
6. OTHER CURRENT ASSETS					
Prepayments		717,182	764,258	717,182	764,258
7. PROPERTY, PLANT AND EQUIPMENT					
Land and Buildings					
At cost		72,829,612	65,480,046	72,829,612	65,480,046
Less: Accumulated depreciation		4,952,094	3,690,351	4,952,094	3,690,351
	7(a),(b),(c),(d)	67,877,518	61,789,695	67,877,518	61,789,695
Plant and Equipment					
At cost		7,843,767	13,551,603	7,843,767	13,551,603
Less: Accumulated depreciation		5,782,028	10,345,763	5,782,028	10,345,763
	7(c),(d)	2,061,739	3,205,840	2,061,739	3,205,840
Motor Vehicles					
At cost		9,522,900	9,215,194	9,522,900	9,215,194
Less: Accumulated depreciation		1,366,687	1,123,257	1,366,687	1,123,257
	7(c),(d)	8,156,213	8,091,937	8,156,213	8,091,937
TOTAL PROPERTY, PLANT AND EQUIPMENT		78,095,470	73,087,472	78,095,470	73,087,472

(a) The reference to "Land and Buildings" as at 30 June 2008, includes:

- (i) an amount of \$2,216,654 (2007: \$2,237,598) being the carrying value of buildings and improvements on two (2007: two) freehold titles held in the name of the Association where there is a reservation in the Crown Grant in Trust which states that the land must be used for the designated purpose of a clinic. In the event that the usage at any of these sites changes and does not then comply with this designated purpose, the Governor of the State has the power to cancel the freehold title in which case the property and value of any improvements thereon would be forfeited by the Association.
- (ii) an amount of \$11,625 (2007: \$12,000) being the carrying value of buildings and improvements owned by the Association and located upon crown land.
- (iii) 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 \$1,693,877 (2007: \$1,794,524) being the total cost of the project less accumulated depreciation.

(b) Asset recognition limit

In the current financial year Silver Chain Group has adopted an asset recognition limit of less than \$5,000. Asset with a written down value of less than \$5,000 has been fully depreciated. As a result the net book value of fixed assets has been reduced by \$2,002,468 with the effect of increasing the depreciation charge for the year by the same amount.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

	CONSOLIDATED		ASSOCIATION	
	2008	2007	2008	2007
	\$	\$	\$	\$
7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)				
(d) 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	61,789,695	44,620,173	61,789,695	44,620,173
Additions	8,095,333	18,067,554	8,095,333	18,067,554
Disposals	(705,936)	(94,393)	(705,936)	(94,393)
Depreciation expense	(1,301,574)	(803,639)	(1,301,574)	(803,639)
Carrying amount as at 30 June	67,877,518	61,789,695	67,877,518	61,789,695
<i>Plant and Equipment</i>				
Carrying amount as at 1 July	3,205,840	2,945,149	3,205,840	2,945,149
Additions	2,121,938	1,494,758	2,121,938	1,494,758
Disposals	(2,042)	(1,134)	(2,042)	(1,134)
Depreciation expense	(3,263,997)	(1,232,933)	(3,263,997)	(1,232,933)
Carrying amount as at 30 June	2,061,739	3,205,840	2,061,739	3,205,840
<i>Motor Vehicles</i>				
Carrying amount as at 1 July	8,091,937	7,723,660	8,091,937	7,723,660
Additions	5,370,899	6,285,928	5,370,899	6,285,928
Disposals	(4,009,615)	(4,647,474)	(4,009,615)	(4,647,474)
Depreciation expense	(1,297,008)	(1,270,177)	(1,297,008)	(1,270,177)
Carrying amount as at 30 June	8,156,213	8,091,937	8,156,213	8,091,937
8. OTHER NON-CURRENT ASSETS				
Estimated future benefits on lease for life assets	469,861	256,947	469,861	256,947
9. TRADE AND OTHER PAYABLES				
Current				
Creditors and accrued expenses	16,971,645	14,411,825	16,971,645	14,407,831
Residential bonds held under the Aged Care Act 1997	9,807,229	8,590,537	9,807,229	8,590,537
Employee benefits	5,837,541	5,514,059	5,837,541	5,514,059
Amount payable to controlled entities	-	-	-	63,757
	32,616,415	28,516,421	32,616,415	28,576,184
Non-Current				
Deferred benefits on lease for life assets	7,339,527	6,822,666	7,339,527	6,822,666
Homeswest development contribution	625,000	625,000	625,000	625,000
	7,964,527	7,447,666	7,964,527	7,447,666

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

	NOTE	CONSOLIDATED		ASSOCIATION	
		2008	2007	2008	2007
		\$	\$	\$	\$
10. FINANCIAL LIABILITIES					
Financial liabilities comprise borrowings that are valued at the present value of the future cash flows:					
Current					
Loan - Shire of Augusta / Margaret River		8,889	43,735	8,889	43,735
Loan - City of Fremantle	10(a)	131,874	137,639	131,874	137,639
		<u>140,763</u>	<u>181,374</u>	<u>140,763</u>	<u>181,374</u>
Non-Current					
Loan - Shire of Augusta / Margaret River		274,859	283,747	274,859	283,747
Loan - City of Fremantle	10(a)	742,070	873,944	742,070	873,944
		<u>1,016,929</u>	<u>1,157,691</u>	<u>1,016,929</u>	<u>1,157,691</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 19 Laidlaw Street, Hilton (John Mercer Lodge).					
11. PROVISIONS					
Current					
Long-term employee benefits		1,801,293	1,324,966	1,801,293	1,324,966
Non-Current					
Long-term employee benefits		3,956,840	4,023,274	3,956,840	4,023,274
Workers compensation insurance		3,695,342	2,373,517	3,695,342	2,373,517
		<u>7,652,182</u>	<u>6,396,791</u>	<u>7,652,182</u>	<u>6,396,791</u>
TOTAL PROVISIONS		<u>9,453,475</u>	<u>7,721,757</u>	<u>9,453,475</u>	<u>7,721,757</u>
	NOTE	CONSOLIDATED		ASSOCIATION	
		2008	2007	2008	2007
		\$	\$	\$	\$
		No.	No.	No.	No.
Number of full time equivalent employees at year end		1,366	1,334	1,366	1,334

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

	Long-term employee benefits	Workers compensation insurance	Total
	\$	\$	\$
11. PROVISIONS (CONT'D)			
Consolidated			
Opening Balance as at 1 July 2007	5,348,240	2,373,517	7,721,757
Additional provisions raised during the year	1,088,023	1,907,962	2,995,985
Amounts used	(678,130)	(586,137)	(1,264,267)
Balance as at 30 June 2008	<u>5,758,133</u>	<u>3,695,342</u>	<u>9,453,475</u>
Association			
Opening Balance as at 1 July 2007	5,348,240	2,373,517	7,721,757
Additional provisions	1,088,023	1,907,962	2,995,985
Amounts used	(678,130)	(586,137)	(1,264,267)
Balance as at 30 June 2008	<u>5,758,133</u>	<u>3,695,342</u>	<u>9,453,475</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).

12. 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 financial assets.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

	CONSOLIDATED		ASSOCIATION	
	2008	2007	2008	2007
	\$	\$	\$	\$
13. OTHER FUNDS				
Bush Nursing Posts				
Balance as at 1 July	30,000	30,000	30,000	30,000
Funds transferred to Retained Earnings	(30,000)	-	(30,000)	-
Balance as at 30 June	-	30,000	-	30,000
The House of Moore Fund				
The House of Moore Fund was created by the Will of the late Mr W J Moore				
Balance as at 1 July	2,494,344	2,319,457	2,494,344	2,319,457
Fund income for the year transferred from Retained Earnings	-	174,887	-	174,887
Funds transferred to Retained Earnings	(2,494,344)	-	(2,494,344)	-
Balance as at 30 June	-	2,494,344	-	2,494,344
TOTAL OTHER FUNDS	-	2,524,344	-	2,524,344
During the current year the Association transferred funds from the Bush Nursing Posts and The House of Moore Fund to retained earnings as the Association has full legal ownership and control of these funds and the earnings from them and the funds do not need to be separately identified.				
14. NET RESULT FROM ORDINARY ACTIVITIES				
Surplus from ordinary activities has been determined after:				
Expenses				
Donation of net bequests to Silver Chain Foundation	-	-	249,142	1,006,469
Depreciation of property, plant and equipment:				
Buildings	1,301,574	803,639	1,301,574	803,639
Plant and equipment	3,263,997	1,232,933	3,263,997	1,232,933
Motor Vehicles	1,297,008	1,270,177	1,297,008	1,270,177
	5,862,579	3,306,749	5,862,579	3,306,749
Bad and doubtful debts - trade debtors	373,783	259,366	373,783	259,366
Operating lease rental - minimum lease payments	282,830	319,965	282,830	319,965
15. KEY MANAGEMENT PERSONNEL COMPENSATION				
Short-term employee benefits	1,309,291	1,290,905	1,309,291	1,290,905
Post-employment benefits	105,993	132,171	105,993	132,171
Other long-term benefits	29,930	69,804	29,930	69,804
Termination Benefits	258,412	5,826	258,412	5,826
	1,703,626	1,498,706	1,703,626	1,498,706
16. AUDITORS' REMUNERATION				
Audit of the financial report	53,500	51,000	52,250	47,000
Other services	20,000	20,000	17,250	17,250
	73,500	71,000	69,500	64,250

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

	CONSOLIDATED		ASSOCIATION	
	2008	2007	2008	2007
	\$	\$	\$	\$
17. RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO NET RESULT FROM ORDINARY ACTIVITIES				
Net Result from Ordinary Activities	6,488,713	11,786,941	6,566,889	10,883,530
Non-Cash Items - Income and Expenses				
Depreciation of property, plant and equipment	5,862,579	3,306,749	5,862,579	3,306,749
Impairment loss on investments	2,739,410	-	2,739,410	-
(Gain) on sale of property, plant and equipment	(496,666)	(321,171)	(496,666)	(321,171)
(Gain) / loss on sale of investments	245,013	(665,273)	-	(665,273)
Dividend and distribution reinvestments	(690,120)	(1,183,142)	(690,120)	(1,183,142)
Present value discount on loan interest	47,022	25,220	47,022	25,220
Present value discount on investment interest	5,982	20,318	2,273	9,613
Provision for impairment of trade receivables	293,883	(22,003)	293,883	(22,003)
Provisions for employee leave benefits	733,375	552,339	733,375	552,339
Provision for workers compensation insurance	1,321,825	1,545,317	1,321,825	1,545,317
	10,062,303	3,258,354	9,813,581	3,247,649
Non-Operating Cash Flows				
Grants, subsidies and donations received for capital purposes	(1,211,600)	(881,923)	(1,211,600)	(974,847)
	(1,211,600)	(881,923)	(1,211,600)	(974,847)
Changes in Assets and Liabilities				
(Increase) / decrease in receivables	1,110,562	(2,935,983)	1,199,212	(2,919,699)
(Increase) / decrease in prepayments	47,076	(12,099)	47,076	(12,099)
Increase in trade and other payables	2,784,444	7,419,960	2,788,444	7,419,960
	3,942,082	4,471,878	4,034,732	4,488,162
Net Cash Provided by Operating Activities	19,281,499	18,635,250	19,203,602	17,644,494
18. RECONCILIATION OF CASH				
Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:				
Cash and cash equivalents	27,289,604	15,833,303	21,794,544	10,831,829
19. NON-CASH TRANSACTIONS				
Purchase of motor vehicles - financed by trade in value of motor vehicles	4,173,246	4,592,501	4,173,246	4,592,501
Purchase of investments - financed by reinvestment of distributions received	690,120	1,183,142	690,120	1,183,142
	4,863,366	5,775,643	4,863,366	5,775,643

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

20. 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:

	CONSOLIDATED		ASSOCIATION	
	2008	2007	2008	2007
	\$	\$	\$	\$
(i) Donations from Silver Chain Foundation for:				
- Operating purposes	-	-	401,635	426,238
- Capital purposes	-	-	-	92,924
	-	-	401,635	519,162
(ii) Donation of net bequests to Silver Chain Foundation	-	-	(249,142)	(1,006,469)
(iii) Aggregate amounts receivable from / (payable to) related parties:				
- Current receivables	-	-	96,947	-
- Current payables	-	-	-	63,757

(b) The Members of the Silver Chain Nursing Association Board of Management during the financial year ended 30 June 2008, were:

Mr G J Anderson	Dr M C McNulty
Mr R M Atkins (retired 8/10/07)	Mrs R Y Smith (retired 13/12/07)
Mrs D Browning	Mr P J Gibbons
Dr M S T Hobbs AO	Mrs J E Keene
Dr N Marinovich OAM	Dr J A Straton (appointed 4/04/08)
Mrs G M McMath	

(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.

(e) The Association is provided with sessional medical services on normal terms and conditions by Dr M C McNulty.

	CONSOLIDATED		ASSOCIATION	
	2008	2007	2008	2007
	\$	\$	\$	\$
Aggregate amount of fees paid / payable	16,748	9,467	16,748	9,467

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

21. 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 Board reviews and agrees policies for managing each of these risks as summarised below.

The Assets and Liabilities Committee proposes financial investment decisions to the Finance and Audit Committee. The primary responsibility for identification and control of financial risks rests with the Finance and Audit 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 Notes 2 and 5. This balance includes fixed interest instruments that are not exposed to interest rate movements as at 30 June 2008. A sensitivity analysis has not been shown as the impact on cash and cash equivalents subject to interest rate risk exposure is immaterial.

Silver Chain Group's financial liabilities includes loan balances from the City of Fremantle and the Shire of Augusta / Margaret River. These loans are interest free and therefore are 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 Finance and Audit 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

21. 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 balance sheet 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 such as the US Stock Exchange and European Stock Exchanges.

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

Table A

	2008	2007
	\$	\$
Australian Stock Exchange	8,366,188	11,750,715
US Stock Exchange	1,946,061	1,796,671
European Stock Exchanges	1,362,242	1,257,670
Other insignificant concentrations	583,818	539,001
	12,258,309	15,344,057

The following sensitivity analysis is based on the price risk exposures in existence at the balance sheet 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	Accumulated Funds & Reserves	
	Higher/(Lower)	
	2008	2007
	\$	\$
Increase by 5%		
Australian Stock Exchange	418,309	587,536
US Stock Exchange	97,303	89,834
European Stock Exchanges	68,112	62,883
Other insignificant concentrations	29,191	26,950
	612,915	767,203
Decrease by 5%		
Australian Stock Exchange	(418,309)	(587,536)
US Stock Exchange	(97,303)	(89,834)
European Stock Exchanges	(68,112)	(62,883)
Other insignificant concentrations	(29,191)	(26,950)
	(612,915)	(767,203)

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

21. FINANCIAL INSTRUMENTS DISCLOSURES (CONT'D)

Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause 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 balance sheet. 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.

Trade receivables consist of a large number of customer comprising government, business and individual consumers. 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

	NOTES	CONSOLIDATED		ASSOCIATION	
		2008	2007	2008	2007
		\$	\$	\$	\$
Cash and cash equivalents					
AAA		1,453,034	3,132,347	1,453,034	132,347
AA		3,184,527	-	189,468	-
AA-		5,463,451	1,312,642	5,463,451	787,466
A+		6,953,703	-	6,953,703	-
A		-	5,881,758	-	5,881,758
BBB+		9,628,959	-	7,128,958	-
BBB		-	4,976,298	-	3,500,000
Other insignificant concentrations		605,930	530,258	605,930	530,258
	2	<u>27,289,604</u>	<u>15,833,303</u>	<u>21,794,544</u>	<u>10,831,829</u>
Trade receivables					
Counterparties without external credit rating *	4	<u>3,638,757</u>	<u>3,167,271</u>	<u>3,638,757</u>	<u>3,167,271</u>
Available for sale investments					
AAA		467,857	1,526,262	467,857	1,015,730
AA+		-	502,215	-	502,215
AA		367,454	501,745	367,454	501,745
AA-		-	30,000	-	30,000
Counterparties without external credit rating **		16,038,768	19,373,692	16,038,771	19,373,694
	5	<u>16,874,079</u>	<u>21,933,914</u>	<u>16,874,082</u>	<u>21,423,384</u>

* Trade receivables that 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

21. FINANCIAL INSTRUMENTS DISCLOSURES (CONT'D)

Liquidity risk

Liquidity risk includes the risk that, 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 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 interest free loans from the City of Fremantle and the Shire of Augusta / Margaret River. As at 30 June 2008, 12% of the Group's debt will mature in less than one year (2007: 13%).

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):

Table D

Year ended 30 June 2008

Financial Liabilities

	6-12 months	1-5 years	> 5 years	Total
	\$	\$	\$	\$
Trade payables	2,836,169	-	-	2,836,169
Other payables	13,120,965	-	-	13,120,965
Borrowings	228,889	921,082	1,627,450	2,777,421
Residential bonds held under the Aged Care Act 1997 *	8,511,640	-	-	8,511,640
Deferred benefits on lease for life assets *	7,339,527	-	-	7,339,527
	32,037,190	921,082	1,627,450	34,585,722

Year ended 30 June 2007

Financial Liabilities

	6-12 months	1-5 years	> 5 years	Total
	\$	\$	\$	\$
Trade payables	2,232,488	-	-	2,232,488
Other payables	10,085,757	-	-	10,085,757
Borrowings	228,396	918,805	1,858,615	3,005,816
Residential bonds held under the Aged Care Act 1997 *	6,773,537	-	-	6,773,537
Deferred benefits on lease for life assets *	6,822,666	-	-	6,822,666
	26,142,844	918,805	1,858,615	28,920,264

* Cash flows from residential bonds and from deferred benefits on lease for life assets are not expected to result in a net outflow. As the liabilities are settled there are expected to be simultaneous inflows of a similar or greater amount.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

21. FINANCIAL INSTRUMENTS DISCLOSURES (CONT'D)

(c) Net Fair Values

The net fair values of:

- listed investments have been valued at the quoted market bid prices at balance 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.

	CONSOLIDATED		ASSOCIATION	
	2008	2007	2008	2007
	\$	\$	\$	\$

22. CAPITAL COMMITMENTS

Building and equipment upgrade:

Contractual commitments	22,370,435	3,651,946	22,370,435	3,651,946
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Payable:

- not later than 1 year	10,619,829	3,348,006	10,619,829	3,348,006
- later than 1 year but not later than 5 years	11,750,606	303,940	11,750,606	303,940
	22,370,435	3,651,946	22,370,435	3,651,946

23. LEASING COMMITMENTS

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	289,641	189,675	289,641	189,675
- later than 1 year but not later than 5 years	177,336	152,061	177,336	152,061
- greater than 5 years	183,014	202,858	183,014	202,858
	649,991	544,594	649,991	544,594

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

24. SEGMENT REPORTING

The Association provides health care services within Australia and would otherwise comprise only one reportable industry and geographical segment. Commonwealth funded residential aged care services are treated as a separate reportable segment within the Association to assist existing and prospective residents to better understand the Association's performance and make more informed judgements about the Association as a whole. All other activities of the Association are reported under Other Health Care Services.

Primary Reporting - Business Segments

	Residential Aged Care Services	Other Health Care Services	Consolidated
	\$	\$	\$
30 June 2008			
Grants and subsidies	10,135,950	98,441,520	108,577,470
Client fees and other income	5,100,375	16,819,082	21,919,457
Total segment revenue	15,236,325	115,260,602	130,496,927
Segment result	(1,822,627)	8,311,340	6,488,713
Segment assets	45,204,362	84,107,038	129,311,400
Segment liabilities	11,662,332	39,529,777	51,192,109
Acquisitions of non-current segment assets	4,876,691	10,711,479	15,588,170
Depreciation and amortisation of segment assets	727,121	5,135,458	5,862,579
Other non-cash segment expenses	1,471,019	11,373,981	12,845,000
30 June 2007			
Grants and subsidies	9,541,241	87,059,648	96,600,889
Client fees and other income	5,224,537	17,125,506	22,350,043
Total segment revenue	14,765,778	104,185,154	118,950,932
Segment result	(32,367)	11,819,308	11,786,941
Segment assets	40,780,356	78,379,697	119,160,053
Segment liabilities	10,502,735	34,522,174	45,024,909
Acquisitions of non-current segment assets	15,020,247	10,827,993	25,848,240
Depreciation and amortisation of segment assets	341,401	2,965,348	3,306,749
Other non-cash segment expenses	1,065,823	5,980,277	7,046,100

Notes to and Forming Part of the Segment Information

Accounting Policies

Segment revenues, expenses, assets and liabilities are those directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, investments and property plant and equipment, net of accumulated depreciation and amortisation. While most of these assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by the segments are allocated to the segments on a reasonable basis. Segment liabilities consist primarily of payables, employee benefits, accrued expenses, provisions and borrowings.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

25. 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.

26. EVENTS SUBSEQUENT TO REPORTING DATE

There are, at the date of this report, no matters 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.

27. 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 1 : First-time Adoption of AIFRS	No change, no impact	1 January 2008	1 July 2008
New Standard	AASB 8 : Operating Segments	No change, no impact	1 January 2009	1 July 2009
Revised	AASB 101 : Presentation of Financial Statements	No change, no impact	1 January 2009	1 July 2009
Revised	AASB 123 : Borrowing Costs	No change, no impact	1 January 2009	1 July 2009
Revised	AASB 127 : Consolidated and Separate Financial Statements	No change, no impact	1 July 2009	1 July 2009
Revised	AASB 1004: Contributions	No change, no impact	1 July 2008	1 July 2008
2007-3	Amendments to Australian Accounting Standards arising from the issue of AASB 8 : Operating Segments AASB 5 : Non Current Assets Held for Sale and Discontinued Operations AASB 6 : Exploration for and Evaluation of Mineral Resources AASB 102 : Inventories AASB 107 : Cash Flow Statements AASB 119 : Employee benefits AASB 127 : Consolidated and Separate Financial Statements AASB 134 : Interim Financial Reporting AASB 136 : Impairment of Assets AASB 1023: General Insurance Contracts AASB 1038: Life Insurance Contracts	No change, no impact	1 January 2009	1 July 2009
2007-6	Amendments to Australian Accounting Standards arising from AASB 123 : Borrowing Costs AASB 1 : First-time Adoption of AIFRS AASB 101 : Presentation of Financial Statements AASB 107 : Cash Flow Statements AASB 111 : Construction Contracts AASB 116 : Property, Plant and Equipment AASB 138 : Intangible Assets Interpretations 1 & 12	No change, no impact	1 January 2009	1 July 2009
2007-8	Amendments to Australian Accounting Standards & Interpretation AASB 101 : Presentation of Financial Statements	No change, no impact	1 January 2009	1 July 2009

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

27. CONTINUING COMPLIANCE WITH AUSTRALIAN ACCOUNTING STANDARDS (CONT'D)

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
2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 AASB 1 : First-time Adoption of AIFRS AASB 2 : Share-based Payment AASB 4 : Insurance Contracts AASB 5 : Non Current Assets Held for Sale and Discontinued Operations AASB 7 : Financial Instruments - Disclosures AASB 101 : Presentation of Financial Statements AASB 107 : Cash Flow Statements AASB 112 : Income Taxes AASB 114 : Segment Reporting AASB 116 : Property, Plant and Equipment AASB 121 : The Effects of Changes in Foreign Exchange Rates AASB 128 : Investments in Associates AASB 131 : Interests in Joint Ventures AASB 132 : Financial Instruments : Presentation AASB 133 : Earnings Per Share AASB 134 : Interim Financial Reporting AASB 136 : Impairment of Assets AASB 137 : Provisions, Contingent Liabilities and Contingent Assets AASB 138 : Intangible Assets AASB 139 : Financial Instruments : Recognition and Measurement Interpretation 9	No change, no impact	1 July 2009	1 July 2009
2008-4	Amendments to Australian Accounting Standards AASB 124 : Key Management Personnel Disclosures by Disclosing Entities	No change, no impact	30 June 2008	1 July 2008

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

AASB Reference	AASB Standard Affected
Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
Interpretation 9	Reassessment of Embedded Derivatives
Interpretation 12	Service Concession Arrangements (recognition and measurement)

Improvements to IFRS

The improvements to IFRS's as set down by the International Accounting Standards Board is unlikely to affect Silverchain in the future therefore no disclosure is required.

28. 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 Sundercombe Street
OSBORNE PARK WA 6017

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

**FOR MORE INFORMATION ABOUT OUR SERVICES
CALL 24 HOURS A DAY, 7 DAYS A WEEK.**

Telephone 9242 0242

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(for the cost of a local call)

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