



2009 Financial Report



*Creating choices and building inclusive,
sustainable and compassionate communities.*

VILLAMARIA

Contents

Board of Directors	2
Chief Executive Officer	4
Directors' Report	5
Auditor's Independence Declaration	9
Income Statement	10
Balance Sheet	11
Statement of Changes in Equity	12
Statement of Cash Flows	13
Notes to the Financial Statements	14
Directors' Declaration	31
Independent Auditor's Report	32

Board of Directors



Angela Christine Atkin

MB, BS; Grad Dip Women's Health, FAICD

President. A member of the Board since 1994.

Angela is a General Practitioner and has extensive experience across the health, aged care and disability sectors, serving on a number of Boards at both State and Federal level. Angela is a Board Director of Catholic Health Australia. Angela has a daughter who attends a Gateway program with Villa Maria.

Chair – Board Executive Committee; Board Audit & Risk Committee (ex officio); Board Finance & IT Committee (ex officio)



Brian Barry

Re-joined the Board in 2008.

A previous member of the Board, with over 30 years experience in the Banking & Finance Industry.

Chair – Board Audit & Risk Committee



Rev Br Brian Joseph Brandon

BSc, M.Curr.Stud., Reg.Sec. School Teacher

A member of the Board since 1994.

Brian has extensive and varied experience in school principalship, in religious congregation leadership and in governance, finance, property and social policy and research, and holds a number of directorship portfolios.

Board Finance & IT Committee



Timothy Joseph Daly AM

B.Bus, CPA, FAICD

Joined the Board in 2008.

Tim has 38 years experience in public sector management, including health services policy and planning and in a range of other Government functions. He held senior executive appointments in a number of Government departments, including Chief General Manager of the former Health Department, Victoria from 1988 to 1992. He is a previous Board Director of Southern Cross Care, Victoria, and he was also Chairman of the Board of Directors of the Metropolitan Ambulance Service from 2000 to 2008. He has been Chairman of the Board of Directors of Austin Health since 2003.

(Tim resigned from the Board on the 10th March 2009.)

Board Audit & Risk Committee



Lynette Maree Elford

A member of the Board since 2003.

Lyn has extensive marketing and journalism experience and is a Director of the Lord Mayor's Charitable Foundation, and Committee member of the Sir Eric Pearce Deafblindness Fund.

Strategic & Proposed Developments Committee



Richard Nelson Worsley Gray

Joined the Board in 2008.

Richard has extensive experience of some 27 years in the disability and aged care sectors, and is currently Director - Aged Care Services, Catholic Health Australia. He has previously held the roles of CEO of the Spastic Society of Victoria, the National Executive Director of Aged Care Australia (now ACSA), and Board Director of ACROD Ltd (now NDS). In 2006 Federal Cabinet appointed him to the Board of Directors of the Aged Care Standards and Accreditation Agency Ltd.

Board Audit & Risk Committee

Board of Directors



Peter Hogan

Vice President - Joined the Board in 2008.

Peter is a Chartered Accountant and was a Partner with PricewaterhouseCoopers for 17 years before retiring from that practice in 2008. He is now a Strategy & Development executive with Incitec Pivot Limited, a public company listed on the ASX and is a non-executive director of ASX listed company, Carbon Energy Limited, Fabchem China Limited, a public company listed on the SGX and Nitromak dnx Kimya Sanayii A.S., a private company based in Turkey.

**Board Executive Committee
Chair - Board Finance & IT Committee**



Jenny McAllister

Dip. Private Secretarial Practice

A member of the Board since 2004.

Jenny has served on the Committee of Management of the Association for Children with a Disability and still advocates for people with disabilities and their families, believing information is the key to obtaining the most out of increasingly complex and diversified systems of delivery service. Jenny is a member of the Boroondara Community Disability Advisory Committee.

**Strategic & Proposed Developments
Committee**



Paul Rizzo

B.Com, MBA

A member of the Board since 2006.

Paul has extensive experience at executive level and is a director on several Boards. Paul is currently a director of National Australia Bank Limited, Bluescope Steel Limited, and Mallesons Stephen Jaques, and is the Chairman of the Defence Audit Committee for the Federal Government, and Chairman of the Foundation for Very Special Kids. Paul was previously a director at Foxtel Limited, IBM GSA Pty Ltd and Rothschilds Limited.

(Paul resigned from the Board on the 4th August 2008.)

**Chair (to August 2008) – Board Audit
& Risk Committee**



Donna Therese Howlett

B.Sc., MBA, FAICD

Vice President - A member of the Board since 2007.

Donna has 23 years of experience in the health industry, with over 15 years in senior management. Her areas of expertise include strategy planning and implementation, people leadership and business growth both organically and through acquisitions. Donna holds a number of directorship portfolios and is Governor of ACCESS, Australia's National Infertility Network.

**Board Executive Committee
Chair (from March 2009) - Strategic &
Proposed Developments Committee**



Ian Robert McEachern

LL.B., B.Com, Barrister at Law

A member of the Board since 1998.

Ian has been a lawyer since 1971. He has degrees in Commerce and Law and has practised as a Barrister, Solicitor and Mediator in the area of commercial and civil law. He is a past Board Member of Corpus Christi Greenvale, which is conducted by the Jesuits.

(Ian resigned from the Board on the 5th March 2009.)

**Chair (to March 2009) – Strategic & Proposed
Developments Committee**



Peter Francis Walsh

BA Dip.Soc.Studs, BA Economics

A member of the Board since 1998.

Peters was a foundation student of St Paul's College in 1975. Peter was involved with the Catholic Church in the resettlement of migrants and refugees through its Catholic Immigration Office, and has extensive experience in the housing industry and community service portfolios.

**Strategic & Proposed Developments
Committee**

Chief Executive Officer



Valerie Joan Lyons

B.Bus(Acc), FCPA, FCIS, FAICD

Valerie commenced as Chief Executive Officer of the Villa Maria Society in 2007. Valerie has extensive leadership and management experience within the Health and Finance sectors, including approx. 20 years senior leadership roles within the Community, Disability and Senior sectors. Valerie is currently President of Aged and Community Care Victoria, a Board Director of Aged & Community Services Australia and a Board Director of HESTA Superannuation.

Chief Executive Officer, Board Executive Committee, Board Audit & Risk Committee, Board Finance & IT Committee, Strategic & Proposed Developments Committee, Chair - Executive Leadership Management Team

Chief Financial Officer



Graeme Wickenden

B.Bus, Grad. Dip. IT, Grad Dip Finance & Investments, FCPA

Graeme commenced as Chief Financial Officer /General Manager Business Services of the Villa Maria Society in March 2008.

Graeme has an extensive career background in accounting and finance, having held a broad range of finance related positions at GMH, NAB, Dun & Bradstreet and Aviva Financial Services. He made the move to the not-for-profit sector in 2002 as the CFO of St Vincent de Paul Aged Care & Community Services.

Chief Financial Officer/General Manager Business Services

Company Secretary



Gaye Elizabeth MacInnes

Gaye commenced as Executive Assistant of the Villa Maria Society in 2007 and was appointed Company Secretary in December 2007.

Gaye has extensive experience at executive level, with significant knowledge of corporate governance practices, organisational risk management and corporate responsibility and compliance.

Company Secretary/Executive Assistant

Directors' Report

The Directors

The names of the Directors in office at the date of this report are:

Dr Angela Christine Atkin	Mr Peter Hogan
Br Brian Joseph Brandon	Mr Paul Rizzo (resigned 4th August 2008)
Ms Lynette Maree Elford	Mr Peter Francis Walsh
Mr Ian Robert McEachern (resigned 5th March 2009)	Ms Donna Therese Howlett
Ms Jenny McAllister	Mr Brian Barry
Mr Timothy Joseph Daly (appointed 28th October 2008, resigned 10th March 2009)	
Mr Richard Nelson Worsley Gray (appointed 28th October 2008)	

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated. Information concerning the Directors and their respective qualifications, experience, special responsibilities and declared interests in contracts with Villa Maria Society are detailed on pages 2-3.

Principal Activities of Villa Maria Society

The Principal Activities of Villa Maria Society in the course of the financial year were:

- Residential services for the aged and supported accommodation for people with a disability.
- Education services for children with disabilities.
- Community support and respite services for the aged and people with a disability.
- Life skills enhancement programs including day and therapy programs for the aged and people with a disability.
- Social work, administrative and resource services to support all Villa Maria Society programs.

There was no change in the nature of the principal activities during the financial year.

Operating Results

The operating deficit for the financial year ending 30 June 2009 was \$1,282,230 (2008 \$4,012,000 deficit). No income tax is applicable.

Review of Operations

Significant features of the year's operations have been:

Government grants for the year totalled \$45,189,000 (2008 \$43,150,000)

Resident fees totalled \$5,224,000 (2008 \$5,314,000)

Bequest income totalled \$785,000 (2008 \$852,000)

Donation income totalled \$725,000 (2008 \$692,000)

Total operating expenditure totalled \$54,414,000 (2008 \$52,160,000)

Villa Maria Society's operational result for the year has been adversely impacted by the downward revaluation of investments.

Directors' Report

Dividends

The Constitution specifically prohibits the payment of any dividends. No dividends have been recommended or have been paid or declared since the start of the financial year.

Events Subsequent to Balance Date

There are no events subsequent to year end that are of significance that require disclosure.

Future Developments

Construction of a 10-bed home in Alphington for young people with an acquired brain injury currently living in nursing homes has commenced, and is expected to become operational in the next financial year. The project is a joint initiative between Villa Maria Society and the Department of Human Services.

Town Planning approval has been granted for the redevelopment of the Wantirna site. The proposed development is over five stages. Stage 1 involves the construction of a 96-bed residential aged care facility, a disability Gateway day program facility, and a rehabilitation centre. Negotiations are advancing with Vic Roads over a number of traffic related issues, and it is anticipated construction will commence on Stage 1 within the next financial year, with an expected construction period of 18 months.

During the year Villa Maria acquired a property in Lysterfield with the intention of relocating the Carinya program (a support service for people with dementia and their carers) from the Wantirna site. Due to the number of objections received, an application to the Victorian Civil and Administrative Tribunal (VCAT) has been lodged. A determination from VCAT is expected within the next financial year. The relocation of the Carinya program is necessary due to the redevelopment of the Wantirna site.

A project to upgrade Villa Maria Society's client management and financial systems has commenced. As an enterprise-wide solution, this investment in technology to support the organisation's core business systems represents a major commitment to ensure Villa Maria Society achieves operational efficiencies and improved client and management information. The implementation extends across all facets of the organisation; including client management, care planning, financial, human resources and payroll. Full implementation is anticipated to involve an 18 months to 2 years timeframe.

Environmental Issues

Villa Maria Society has assessed whether there are any particular or significant environmental regulations which apply. It has determined that the risk of non-compliance is low and has not identified any compliance breaches during the period.

Directors' Benefits

No director of Villa Maria Society has, since the end of the previous financial year, received or become entitled to receive a benefit by reason of a contract made by Villa Maria Society or related corporation with a director or with a firm of which they are a member or with a company in which they have a substantial financial interest.

Directors' Report

Meetings of Directors

The number of Directors' meetings and number of meetings attended by each of the Directors of the Society during the financial year are:

Director	Board Meetings		Board Executive Committee		Board Audit & Risk Committee		Board Finance & IT Committee		Strategic & Proposed Developments Committee	
	A	B	A	B	A	B	A	B	A	B
Angela Atkin	9	10	9	10	8	9	11	11	3	4
Brian Barry	8	10	–	–	4	4	–	–	–	–
Brian Brandon	9	10	5	5	1	1	11	11	–	–
Timothy Daly (resigned 10th March 2009)	1	3	–	–	0	1	–	–	–	–
Lynette Elford	8	10	–	–	–	–	4	5	3	3
Richard Gray (appointed 28th October 2008)	5	7	–	–	4	4	–	–	–	–
Peter Hogan	8	10	4	5	3	5	10	11	–	–
Donna Howlett	8	10	4	5	4	5	–	–	2	3
Jenny McAllister	9	10	5	5	–	–	–	–	5	7
Ian McEachern (resigned 5th March 2009)	6	6	–	–	–	–	–	–	5	5
Paul Rizzo (resigned 4th August 2008)	0	1	–	–	1	1	–	–	–	–
Peter Walsh	8	10	–	–	–	–	–	–	6	7

A – Number of Meetings attended

B – The number of meetings held during the time the Director was a member of the Board/Committee.

Directors also attended other meetings, activities, and functions undertaken by Villa Maria Society.

Directors' Report

Indemnity and Insurance of Directors and Auditors

During the financial year, the Department of Human Services met all the costs of insuring all Directors, past and present, against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct whilst acting in the capacity of Director of Villa Maria Society.

During the financial year, Villa Maria Society has not paid a premium to insure the auditors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct whilst acting in the capacity of auditors of Villa Maria Society.

Court Proceedings

There have been no applications for leave of Court to bring proceedings on behalf of Villa Maria Society or intervene in any proceedings to which Villa Maria Society is a party for the purpose of taking responsibility on behalf of Villa Maria Society for all or any part of those proceedings. Villa Maria Society was not a party to any such proceedings during the year.

Rounding of Amounts

Villa Maria Society has applied the relief available to it in ASIC Class Order 98/100 and, accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars.

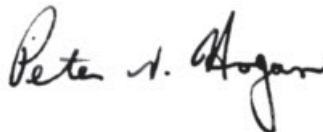
Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 370C of the Corporations Act 2001 is set out on page 9.

Signed in accordance with a resolution of the Board of Directors.



A C Atkin, President



P Hogan, Vice-President

Melbourne, 8 September 2009

Villa Maria Society ABN 32 004 364 103

Auditor's Independence Declaration



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Auditor's Independence Declaration to the Directors of Villa Maria Society

In relation to our audit of the financial report of Villa Maria Society for the financial year ended 30 June 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'Stuart Painter'.

Stuart Painter
Partner
8 September 2009

Liability limited by a scheme approved
under Professional Standards Legislation

Income Statement

For the year ended 30 June 2009

	Note	2009 \$000	2008 \$000
Revenue and other income	2	53,132	48,148
Employee benefits expenses		(35,603)	(34,248)
Service delivery and client expenses		(11,879)	(10,005)
Depreciation and amortisation expenses		(1,596)	(2,037)
Repairs, maintenance and property expenses		(1,739)	(1,794)
General and administrative expenses		(3,138)	(2,651)
Utilities expenses		(459)	(855)
Other expenses		-	(570)
(DEFICIT)/SURPLUS FOR THE YEAR		(1,282)	(4,012)

The accompanying notes form part of these financial statements

Balance Sheet

As at 30 June 2009

	Note	2009 \$000	2008 \$000
CURRENT ASSETS			
Cash assets	18	2,831	2,982
Receivables	3	1,390	1,303
Other financial assets	4	13,757	21,583
TOTAL CURRENT ASSETS		17,978	25,868
NON-CURRENT ASSETS			
Property, plant and equipment	5	75,987	76,996
Intangibles	6	14,090	14,080
TOTAL NON-CURRENT ASSETS		90,077	91,076
TOTAL ASSETS		108,055	116,944
CURRENT LIABILITIES			
Payables	7	6,145	5,861
Provisions	8	4,368	3,924
Other	9	2,948	2,773
TOTAL CURRENT LIABILITIES		13,461	12,558
NON-CURRENT LIABILITIES			
Provisions	8	450	565
TOTAL NON-CURRENT LIABILITIES		450	565
TOTAL LIABILITIES		13,911	13,123
NET ASSETS		94,144	103,821
MEMBERS' FUNDS			
Retained earnings	10(a)	30,145	31,427
Asset revaluation reserve	10(b)	66,699	72,394
Unrealised Gains/(Losses) Reserve	10(c)	(2,700)	-
TOTAL MEMBERS' FUNDS		94,144	103,821

The accompanying notes form part of these financial statements

Statement Of Changes in Equity

For the year ended 30 June 2009

	\$000
Balance at 30 June 2006	45,721
Surplus for the year	1,358
Balance at 30 June 2007	47,079
Fair value adjustment	60,754
Deficit for the year	(4,012)
Balance at 30 June 2008	103,821
Fair value adjustment on available for sale financial assets	(2,700)
Fair value adjustment	(5,695)
Deficit for the year	(1,282)
Balance at 30 June 2009	94,144

The accompanying notes form part of these financial statements

Statement of Cash Flows

For the year ended 30 June 2009

	Note	2009 \$000	2008 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Government grants received		45,504	44,520
Residential, CACPs and educational services receipts		5,299	5,368
Proceeds from fundraising and public relations		725	698
Proceeds from bequests		785	852
Investment income		819	1,898
Payments to suppliers and employees		(51,411)	(48,175)
Net cash provided by operating activities	18(b)	1,721	5,161
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of investments		(30)	(2,690)
Proceeds on disposal of investments		4,636	552
Purchase of property, plant and equipment		(6,411)	(3,191)
Proceeds from sale of property, plant and equipment		123	44
Net cash used in investing activities		(1,682)	(5,285)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from residents' accommodation bonds		1,693	511
Repayment of residents' accommodation bonds		(1,883)	(512)
Net cash provided by/(used in) financing activities		(190)	(1)
NET (DECREASE)/INCREASE IN CASH HELD		(151)	(125)
CASH AT THE BEGINNING OF THE FINANCIAL YEAR		2,982	3,107
CASH AT THE END OF THE FINANCIAL YEAR	18(a)	2,831	2,982

The accompanying notes form part of these financial statements

For the year ended 30 June 2009

NOTE 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, Urgent Issues Company Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The financial report is for the company Villa Maria Society as an individual company. Villa Maria Society is an unlisted company limited by guarantee, incorporated and domiciled in Australia.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets, intangibles and property at fair value.

Compliance with IFRS

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

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

Accounting standards and interpretations issued, not yet effective, and not early adopted

The following new and or amended accounting standards and interpretations have been issued, but are not mandatory for the financial year ended 30 June 2009. They have not been adopted in preparing the financial report for the year ended 30 June 2009 and are expected to impact the Society in the period of initial application. In all cases the Society intends to apply these standards from the application date.

Standards and Interpretations Issued Not Yet Effective

AASB 8: Operating Segments (Issued February 2007)

AASB 8: Operating Segments replaces the disclosure requirements of AASB 114: Segment Reporting . The new standard is applicable to annual reporting periods commencing on or after 1 January 2009. As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, disclosures required for the operating segments will be significantly different to what is currently reported (business and geographical segment).

AASB 101: Presentation of Financial Statements (Revised September 2007)

AASB 101: Presentation of Financial Statements provides amendments to presentation and naming of the financial statements for annual reporting periods commencing on or after 1 January 2009. As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, there will be various changes to the way financial statements are presented and changes to names of individual financial statements.

Accounting Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates, and bases its judgements and estimates on historical experience and other factors it believes to be reasonable. Actual results may differ from these estimates under different assumptions and circumstances.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates and may materially affect financial results or the financial position of future periods.

Significant Accounting Judgements Impairment of available for sale assets

Villa Maria Society holds a number of available for sale financial assets and follows the requirements of AASB 139 Financial Instruments: Recognition and Measurement in determining when an available for sale asset is impaired. For the year ended 30 June 2009 Villa Maria Society has determined that the decline in value of the available for sale financial assets was not considered either prolonged or significant.

In making this judgement Villa Maria Society assessed the duration to which the fair value is less than cost.

Significant Accounting Estimates and Assumptions

Valuation of investments

The valuation of unlisted investments in managed funds is reliant on receiving advice from fund managers. In certain instances this information has not been received at 30 June 2009. Management has estimated the fair values using the best available information to them.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience. The condition of the assets is assessed at least once a year and considered against the remaining useful life. Adjustments to useful lives are made when necessary.

(a) Income Tax

As Villa Maria Society is a public benevolent institution, it is exempt from income tax, capital gains tax and payroll tax.

(b) Revenue

Revenue from government grants for recurrent income is recognised in the year in which the income is received.

Revenue from government grants for the purchase of capital items is included in the statement of financial performance. Where it becomes apparent that a refund is required, a liability and an expense is created equal to the value of the refund, in the year the refund arises.

Investment income comprises dividends and interest and is recognised in the financial year in which it is earned.

Revenue from the rendering of a service is recognised in the financial year in which the service to the client is delivered.

Fundraising revenue comprises donations, appeal contributions, bequests, trust distributions, membership subscriptions and proceeds from special projects and functions and is recognised in the year in which it is received.

(c) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(d) Trade and Other Receivables

All receivables are categorised as 'Loans and Receivables' under the requirements of *AASB 139: Financial Instruments – Recognition and Measurement* and are recognised initially at fair value, and subsequently at amortised cost. All trade and other receivables are current.

An allowance for doubtful debts is based on a review of outstanding balances at balance sheet date, and is accounted for in a separate account. Indicators of impairment include where there is objective evidence of significant financial difficulties, debtor bankruptcy, financial reorganisation or default in payment (more than 60 days overdue). Bad debts which have previously been provided for are eliminated against the allowance for doubtful debts. In all other cases bad debts have been written off as an expense directly in the income statement.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Society for similar financial instruments.

(e) Financial Assets

In line with the Amendments to *AASB 139 Financial Instruments: Recognition and Measurement* and *AASB 7 Financial Instruments: Disclosures* Villa Maria Society has elected to reclassify its investments in listed securities, equities and other investments from *held for trading* to *available for sale* as at 1 July 2008 due to 'rare' circumstances.

The substantial change in the global economies saw a significant disruption to the markets during the September quarter of 2008. This downturn created an environment whereby it was no longer viable for Villa Maria Society to continue trading to achieve their stated investment goals of creating capital growth to meet its operational objectives.

A decision was made in October 2008 by the Board to reclassify the investments from *held for trading* to *available for sale* as Villa Maria Society no longer had any short term trading intent.

Available for sale investments are those non-derivative financial assets, principally equity securities, that are designated as available for sale. After initial recognition *available for sale* securities are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit and loss.

Investments in listed securities, equities and other investments are classified as *available for sale*, and the movements in the fair value are recognised as a separate component of equity at each balance sheet date, with the exception of where a fair value cannot be reliably measured in which case the investment is carried at cost. The investments carried at fair value are remeasured at each reporting date and any gains or losses are recognised in equity.

Investment in unlisted equities and managed funds are measured at fair value, being the unit price as advised by the relevant fund manager.

Financial assets include units in managed funds, listed shares and bank bills.

(f) Accommodation Bonds

Accommodation bonds are non-interest bearing deposits made by aged care facility residents to the Society upon their admission to low care accommodation. The liability for accommodation is carried at the amount that would be payable on exit of the resident. This is the amount received on entry of the resident less deductions for fees and retentions pursuant to the *Aged Care Act 1997*. Accommodation bonds are classified as current liabilities as the Society does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The obligation to settle could occur at any time. These amounts have been included in Payables.

Once a refunding event occurs the receivable becomes interest bearing. The interest rate varies according to the agreement and is recognised upon refund of the accommodation bond.

(g) Trade and Other Payables

Trade and other payables, including accruals, are recorded initially at fair value, and subsequently at amortised cost. Trade and other payables are non-interest bearing.

(h) Property, plant and equipment

Freehold land and building are measured on the fair value basis, being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. Independent valuations are performed regularly to ensure that the carrying amounts of land and building does not differ materially from the fair value at balance sheet date.

An independent valuation was carried out at 30 June 2009 by Antony Coady & Associates Pty. Ltd. Valuations are based on the fair market value of the properties concerned in their existing use.

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

For the year ended 30 June 2009

The carrying amount of plant and equipment is reviewed annually by the Directors 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 which will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within Villa Maria Society includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Depreciation

The depreciable amount of all fixed assets including buildings, but excluding freehold land, is depreciated on a straight line basis over their estimated useful lives to Villa Maria Society commencing from the time the asset is held ready for use.

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

<i>Class of fixed asset</i>	<i>Depreciation rate</i>
Buildings	4.0%
Furniture and fittings	8.0%
Plant and equipment	6.7% - 33.3%
Motor vehicles	14.25%
Buses	10.0%

(i) Intangible Assets

Bed licenses (Allocated Places) are capitalised as intangible assets at cost. These are revalued at balance date to fair value based upon independent valuation. Independent valuations are based upon prices obtainable in an open active market. Revaluation increments are credited to the asset revaluation reserve.

Cost is fair value at the date of acquisition.

Bed licenses are considered to have an indefinite useful life, as long as the Society continues to comply with the terms and conditions imposed by Government. Accordingly, bed licenses are not subject to amortisation.

(j) Impairment of Assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

At each reporting date, carrying values of tangible and other intangible assets are reviewed 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.

(k) Employee Benefits

Provision is made for Villa Maria Society's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries and annual leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled and on-costs. Other 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.

The Society contributes to complying funds at the required rate of the employees' wages and salaries. Superannuation contributions are recognised as an expense when incurred.

Notes To The Financial Statements

For the year ended 30 June 2009

(l) Rounding of amounts

Villa Maria Society has applied the relief available to it under *ASIC Class Order 98/100* and accordingly, amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars.

(m) Goods and Services Tax (GST)

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

(n) Comparatives

Where applicable comparatives have been reclassified to disclose them on the same basis as current year figures.

NOTE 2 - REVENUE AND OTHER INCOME

	2009	2008
	\$000	\$000
REVENUES		
Australian Government grants received	28,230	26,492
State Government grants received	16,959	16,658
Fees and other income for rendering of services	5,224	5,314
Bequests	785	852
Fundraising and public relations revenue	725	692
Dividend income on investments at fair value through surplus and deficit	-	1,240
Dividend income on investments at fair value through equity	205	-
Interest income earned on listed fixed securities	190	124
Interest income earned on cash balances	424	534
Capital grants	315	301
Other	75	6
Total revenue from operating activities	<u>53,132</u>	<u>52,213</u>
OTHER INCOME		
Net fair value realised gains/(losses) on financial assets at fair value through surplus and deficit	-	(4,109)
Gain on disposal of property, plant and equipment	-	44
TOTAL REVENUE AND OTHER INCOME	<u>53,132</u>	<u>48,148</u>

Notes To The Financial Statements

For the year ended 30 June 2009

NOTE 3 - RECEIVABLES

	2009	2008
	\$000	\$000
CURRENT		
Trade debtors	617	408
Other Receivables	168	656
Less: Provision for impairment of receivables	(97)	(54)
	<u>688</u>	<u>1,010</u>
Prepayments	702	293
TOTAL RECEIVABLES	<u>1,390</u>	<u>1,303</u>

Age analysis of trade receivables that are past due but not impaired at the reporting date.

Not past due	458	300
Past due 0 – 30 days	50	45
Past due 31 – 60 days	23	18
Over 60 days	86	45
	<u>617</u>	<u>408</u>
Impairment		
Past due 31 – 60 days	(11)	(9)
Over 60 days	(86)	(45)

The impaired receivables relate to clients experiencing financial hardship.

The movement in the allowance for impairment of trade receivables during the year is as follows:

Balance at the beginning of the year	54	62
Impairment provision recognised during the year	51	16
Bad debts written off	(8)	(24)
Balance at the end of the year	<u>97</u>	<u>54</u>

The allowance account for receivables is used to record impairment losses unless the entity is satisfied that there is no recovery of the amount possible, at which point it is written off directly against the amount owing.

With respect to the Society, the nature of the debtors are grant receivables, which are receivable from the Commonwealth or State Government departments, and other sundry receivables from either clients or employees. Past history has shown the majority of these receivables are settled within 30 days of the debt arising.

(a) Credit Risk

The maximum credit exposure to credit risk for the Society is the gross amount of all receivables less any impairment losses.

All grant receivables are due from the Commonwealth and State Government. There are no other significant concentrations of credit risk.

(b) Interest Rate Risk

All current receivables are non-interest bearing.

Notes To The Financial Statements

For the year ended 30 June 2009

NOTE 4 - OTHER FINANCIAL ASSETS

	2009	2008
	\$000	\$000
Bank accepted bills	1,100	4,354
Listed Securities	2,501	3,376
Managed Funds	10,156	13,853
TOTAL OTHER FINANCIAL ASSETS	13,757	21,583

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

LAND AND BUILDINGS

Freehold land

At fair value	60,850	64,210
Total land	60,850	64,210

Buildings

Fair value	18,660	16,680
Less accumulated depreciation	(8,861)	(8,604)
Total buildings	9,799	8,076

TOTAL LAND AND BUILDINGS

70,649	72,286
--------	--------

PLANT AND EQUIPMENT

Plant and equipment

At cost	19,194	17,545
Less accumulated depreciation	(13,856)	(12,835)
Total plant and equipment	5,338	4,710

TOTAL PROPERTY, PLANT AND EQUIPMENT

75,987	76,996
--------	--------

TOTAL PROPERTY, PLANT AND EQUIPMENT

Total Property, plant and equipment	98,704	98,435
Less accumulated depreciation	(22,717)	(21,439)
	75,987	76,996

Movement in carrying amounts

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

Notes To The Financial Statements

For the year ended 30 June 2009

	2009 \$000	2008 \$000
Freehold land		
Carrying amount at beginning of year	64,210	3,874
Additions	800	-
Disposals		
Revaluation	(4,160)	60,336
Carrying amount at end of year	<u>60,850</u>	<u>64,210</u>
Buildings on freehold land		
Carrying amount at beginning of year	8,076	9,217
Additions	1,398	891
Projects in progress - transfer to buildings on completion	2,179	674
Revaluation	(1,545)	(2,022)
Disposals	(37)	(5)
Depreciation expense	(272)	(679)
Carrying amount at end of year	<u>9,799</u>	<u>8,076</u>
Operating plant and equipment		
Carrying amount at beginning of year	4,710	4,538
Additions	1,944	1,532
Projects in progress - transfer to plant and equipment	90	144
Disposals	(82)	(146)
Depreciation expense	(1,324)	(1,358)
Carrying amount at end of year	<u>5,338</u>	<u>4,710</u>

NOTE 6 - INTANGIBLE ASSETS

Bed Licences (Allocated Places)	14,080	11,640
Revaluation of Bed Licences (Allocated Places)	10	2,440
TOTAL INTANGIBLE ASSETS	<u>14,090</u>	<u>14,080</u>

An independent valuation was carried out at 30 June 2009 by Antony Coady & Associates Pty. Ltd. Valuations are based on the fair market value having regard to recent sale activity within the industry. Bed licences (Allocated Places) have an indefinite life as long as Villa Maria Society continues to comply with the terms and conditions imposed by the Government. Bed licences (Allocated Places) are tested annually for impairment.

NOTE 7 - PAYABLES

CURRENT

Trade and sundry creditors	3,270	2,863
Accrued expenses	2,109	2,043
Accommodation bonds	766	955
TOTAL PAYABLES	<u>6,145</u>	<u>5,861</u>

(a) Fair Value

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

Notes To The Financial Statements

For the year ended 30 June 2009

NOTE 8 - PROVISIONS

	2009	2008
	\$000	\$000
CURRENT		
Employee Entitlements	4,343	3,862
Other	25	62
TOTAL PROVISIONS	4,368	3,924
NON CURRENT		
Employee Entitlements	450	565
Aggregate employee benefits liability	4,793	4,427
Movements in Current Employee entitlements		
Carrying amount at beginning of year	3,862	3,461
Increase/(Decrease) in Provision	2,805	2,277
Payments to Staff	(2,324)	(1,876)
Carrying amount at end of year	4,343	3,862
Movements in Non-Current Employee entitlements		
Carrying amount at beginning of year	565	661
Increase/(Decrease) in Provision	(115)	500
Payments to Staff	-	(596)
Carrying amount at end of year	450	565

NOTE 9 - OTHER LIABILITIES

CURRENT		
Income received in advance and unearned income	2,948	2,773

NOTE 10 - RESERVES

Retained earnings	30,427	31,427
Unrealised Losses/Gains Reserve	(2,700)	-
Asset Revaluation Reserve - Intangible Assets	14,090	14,080
Asset Revaluation Reserve - Land and Building	52,609	58,314
TOTAL RESERVES	94,144	103,821

(a) Retained earnings

The general reserve contains amounts of retained surplus that have been set aside for the purpose of funding future projects that are announced from time to time.

Movements in the reserve during the year

Balance at beginning of year	31,427	35,439
Deficit/Surplus for the year	(1,282)	(4,012)
Balance at end of year	30,145	31,427

Notes To The Financial Statements

For the year ended 30 June 2009

	2009	2008
	\$000	\$000
(b) Asset Revaluation Reserve		
The asset revaluation reserve records movements in the fair value of bed licences, land and buildings.		
INTANGIBLES		
Opening balance	14,080	11,640
Fair value adjustment	10	2,440
Closing balance	14,090	14,080
LAND AND BUILDINGS		
Opening balance	58,314	-
Fair value adjustment	(5,705)	58,314
Closing balance	52,609	58,314
	66,699	72,394

(c) Net Unrealised Gains/Losses Reserve

This reserve records movements in the fair value of available-for-sale financial assets.

Opening Balance	-	-
Fair value adjustment	(2,700)	-
Closing Balance	(2,700)	-

NOTE 11 - CHANGES IN ACCOUNTING POLICY

The Board of Directors have resolved to reclassify its investments as at 1 July 2008 from held for trading to available for sale in line with the Amendments to *AASB 139 Financial Instruments: Recognition and Measurement* and *AASB 7 Financial Instruments: Disclosures*.

The decision to reclassify was made as a result of the 'rare' global economic circumstances creating an environment whereby it was no longer Villa Maria Society's intent to trade.

The fair value of investments reclassified from *held for trading* to *available for sale* as at 1 July 2008 was \$21,583,000

The reclassification will result in any future unrealised gains or losses being recognised in a net unrealised gains/losses reserve in equity.

NOTE 12 - SUPERANNUATION COMMITMENTS

Villa Maria Society contributes to 70 complying superannuation funds, all of which are managed by external fund managers. Members of these funds are entitled to benefits on retirement, disability or death. Some employees contribute to the plans at various percentages of gross salaries.

Villa Maria Society is under no formal obligation to make up any shortfall in the funds assets to meet payments due to employees. Villa Maria Society has a legally enforceable obligation to contribute to the plans.

For the year ended 30 June 2009

NOTE 13 - REMUNERATION OF DIRECTORS

(a) The following persons were directors of Villa Maria Society during the financial year.

Dr A C Atkin, Br B J Brandon, Mr I McEachern (Resigned 5th March 2009), Mr P Walsh, Ms L Elford, Mr B Barry, Ms J McAllister, Mr P Rizzo (Resigned 4th August 2008), Mr P Hogan, Ms D T Howlett, Mr T J Daly (Appointed 28th October 2008, Resigned 10th March 2009), Mr R Gray (Appointed 28th October 2008).

The Constitution specifically prohibits payment to any Director of Villa Maria Society other than for services rendered in the normal course of business.

There have been no Director related transactions during the year.

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Society during the financial year.

Ms V Lyons (Chief Executive Officer), Mr J Klavins (Deputy Chief Executive Officer), Mr G Wickenden (Chief Financial Officer), Ms C McColl (General Manager Residential Services), Ms L Ely (General Manager Disability Services), Ms B Raufer (General Manager Community Services), Mr R Chesler (General Manager Projects & Development), Mr S Evans (Executive Manager Planning and Research), Ms H McPhee (General Manager People Services), Ms R Ryan (Executive Manager Marketing), Ms G MacInnes (Company Secretary), Ms K Miller (Executive Manager Service Integration), Ms C Dewhirst (Executive Manager Education Services, appointed 19th January 2009), Ms A Muir (Manager Early Childhood Intervention Service).

	2009 \$000	2008 \$000
(c) Key management personnel compensation		
Short-term benefits		
Salary and fees	1,734	946
Non-Cash benefits	130	57
Other	15	15
	<u>1,879</u>	<u>1,018</u>
Post-employment benefits		
Superannuation	156	86
	<u>156</u>	<u>86</u>

NOTE 14 - REMUNERATION OF AUDITOR

Amounts received or due and receivable by the auditors for

— auditing and reviewing the financial report	62	75
— other services	-	72
	<u>62</u>	<u>147</u>

Other services relates to BDO Wealth Management advice.

NOTE 15 - ECONOMIC DEPENDENCY

Villa Maria Society receives various capital and recurrent grants from both State and Commonwealth Governments. These grants are generally made subject to validation that they have been expended within specific guidelines. Certain grants received in the current and previous financial years have not as yet been subject to validation by Government.

Notes To The Financial Statements

For the year ended 30 June 2009

NOTE 16 - SEGMENT REPORTING

Villa Maria has the following five business segments:

1. Residential Aged Care Services includes four facilities which includes both low care and high care.
2. Community Services includes community support and respite services for the aged.
3. Disability Services includes day services, long-term accommodation, flexible and facility based respite options, case management and a range of individualised supports for people either in their home or community services for adults and children's respite.
4. Education Services includes St Paul's College and the Early Childhood Intervention Service.
5. Business Services includes Administration, People Services, Fundraising, Marketing and Investments. Investments & Fundraising includes revenue from commercial bills, listed securities, managed funds and fundraising activities.

BUSINESS SEGMENTS	Residential	Community	Disability	Education	Business	Total
	Aged Care	Services	Services	Services	Services	
	2009	2009	2009	2009	2009	2009
	\$000	\$000	\$000	\$000	\$000	\$000
REVENUE						
Total Segment revenue	16,367	19,190	13,035	2,610	(1,930)	53,132
Total revenue						<u>53,132</u>
RESULT						
Segment result	(1,049)	809	(381)	(400)	(261)	(1,282)
Net Deficit						<u>(1,282)</u>
ASSETS						
Segment assets	49,830	4,386	6,172	25,195	21,800	107,383
Unallocated assets						672
Total assets						<u>108,055</u>
LIABILITIES						
Segment liabilities	2,619	857	3,861	536	1,389	9,262
Unallocated liabilities						4,649
Total liabilities						<u>13,911</u>
OTHER						
Acquisitions of segment assets	1,428	1,034	496	111	1,073	4,142
Unallocated acquisitions of non-current segment assets						
Total acquisitions of non-current segment assets						<u>4,142</u>
Depreciation and amortisation of segment assets	484	450	324	159	179	1,596
Unallocated other non-cash segment expenses/(revenues)						<u>-</u>

Notes To The Financial Statements

For the year ending 30 June 2009

NOTE 16 - SEGMENT REPORTING (cont.)

BUSINESS SEGMENTS	Residential Aged Care	Community Services	Disability Services	Education Services	Business Services	Total
	2008 \$000	2008 \$000	2008 \$000	2008 \$000	2008 \$000	2008 \$000
REVENUE						
Total Segment revenue	16,278	18,238	12,422	2,274	(1,064)	48,148
Total revenue						<u>48,148</u>
RESULT						
Segment result	(1,427)	928	(239)	(320)	(2,953)	(4,012)
Net Deficit						<u>(4,012)</u>
ASSETS						
Segment assets	47,680	4,885	11,920	8,000	34,553	107,038
Unallocated assets						9,906
Total assets						<u>116,944</u>
LIABILITIES						
Segment liabilities	3,586	2,608	4,467	1,356	1,106	13,123
Total liabilities						<u>13,123</u>
OTHER						
Acquisitions of segment assets	502	520	990	302	456	2,770
Unallocated acquisitions of non-current segment assets						471
Total acquisitions of non-current segment assets						<u>3,241</u>
Depreciation and amortisation of segment assets	694	512	436	141	254	2,037
Unallocated other non-cash segment expenses/(revenues)						<u>4,064</u>

Notes To The Financial Statements

For the year ending 30 June 2009

NOTE 17 - MEMBERS' GUARANTEE

Villa Maria Society is a Company limited by guarantee. If Villa Maria Society is wound up, the Constitution states that each member is required to contribute a maximum of \$20 towards meeting any outstanding obligations of Villa Maria Society. At 30 June 2009, the number of members was 137 (2008: 129).

2009	2008
\$000	\$000

NOTE 18 - CASH FLOW INFORMATION

(a) Reconciliation of cash

Cash at bank	2,831	2,982
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Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as above.

(b) Reconciliation of cash flows from operations

Surplus	(1,282)	(4,012)
Non-cash flows in Surplus		
Depreciation	1,596	2,037
(Gain)/loss on disposal of assets	(4)	(44)
Unrealised (gain)/loss on valuation of managed funds	-	(4,064)
(Gain)/Loss on disposal of managed funds	521	45
Changes in assets and liabilities		
Decrease/(increase) in receivables	(87)	54
Increase/(decrease) in payables	473	1,485
Increase/(decrease) in provisions	329	463
(Decrease)/increase in other liabilities	175	1,069
Cash flows from operations	1,721	5,161

NOTE 19 - FINANCIAL INSTRUMENTS

Financial Risk Management

Villa Maria Society's exposure is primarily to the financial risks of liquidity, changes in interest rates and changes in market prices of listed equities and securities. The Board of Directors is responsible for monitoring and managing the financial risks of the Society. They monitor these risks through monthly board meetings where monthly management accounts are presented and analysed. Any changes identified are communicated to the Chief Financial Officer who implements the changes.

Categories of Financial Instruments

Financials Assets

Fair value through profit or loss	-	21,583
Fair value through equity	13,757	-
Loans and Receivables (including cash & cash equivalents)	2,831	3,336
	16,588	24,919

Financial Liabilities

Amortised cost		
Payables	5,379	4,906
Accommodation Bonds	766	955
	6,145	5,861

Notes To The Financial Statements

For the year ending 30 June 2009

Trade payables and accommodation bonds are current liabilities which results in their fair value being equal to the current carrying amount.

(a) Interest rate risk

Villa Maria Society's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rates on those financial assets, are as follows:

All other financial assets and liabilities, including receivables and payables are non-interest bearing.

	Weighted average effective interest rate		Floating rate		Maturing within one year		Total	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Cash	1.54%	4.70%	2,831	2,982	–	–	2,831	2,982
Bank Accepted Bills	4.35%	7.04%	–	–	1,100	4,354	1,100	4,354
Investments	–	–	12,657	17,229	–	–	12,657	17,229

Villa Maria Society's investments in listed fixed interest securities are all quoted on the Australian Stock Exchange.

Price risk for fixed interest securities arises from changes in fixed interest rates in Australia. This sensitivity analysis has assumed that the issuer's credit risk rating has remained the same, and movements in fair value recognised in the Income Statement have only arisen from changes in interest rates.

A 100 point (2008: 100 points) increase in the BBSW at the reporting date would have increased profit by \$39,000 (2008: \$73,000) and an equal change in the opposite direction would have decreased profit by \$39,000 (2008: \$74,000).

(b) Credit risk

Credit risk is the risk of financial loss to Villa Maria Society if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to the financial statements.

Villa Maria Society does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into.

The Directors manage the credit risk in the listed fixed interest securities by only investing in securities with very high credit ratings. This is managed by portfolio managers for the Society and they report to the Directors on a monthly basis.

(c) Liquidity risk

Liquidity risk is the risk that the Society will not be able to meet its financial obligations as they fall due.

Villa Maria Society has both short term and long term facilities which enable sufficient cash to be available to settle obligations as they fall due. The Chief Financial Officer monitors the cash position of the Society on a weekly basis.

The following are the contractual maturities of the financial liabilities, including interest payments. Contractual amounts are expected payments which have not been discounted.

Notes To The Financial Statements

For the year ending 30 June 2009

Maturity Analysis - 2009

Financial Liabilities	Carrying Liabilities	Contractual Amount	0 - 12 mths	1-2 years	> 2 years
	\$000	\$000	\$000	\$000	\$000
Payables	5,379	5,379	5,379	-	-
Accommodation bonds	766	766	766	-	-
TOTAL	6,145	6,145	6,145	-	-

Cash flows from accommodation bonds included in trade payables above are not expected to result in a net outflow. As the liability is settled there are expected to be simultaneous inflows of a greater amount.

Maturity Analysis - 2008

Financial	Carrying Liabilities	Contractual Amount	0 - 12 mths	1-2 years	> 2 years
	\$000	\$000	\$000	\$000	\$000
Payables	4,906	4,906	4,906	-	-
Accommodation bonds	955	955	955	-	-
TOTAL	5,861	5,861	5,861	-	-

Cash flows from accommodation bonds included in trade payables above are not expected to result in a net outflow. As the liability is settled there are expected to be simultaneous inflows of a greater amount.

(d) Other Market Price Risk

Equity price risk arises from investments held by Villa Maria Society in the form of investments in listed equities. The portfolio of investments is managed by external portfolio managers, who buy and sell equities based on their own analyses of returns. The asset position and returns are reported to the Directors on a regular basis at the monthly Board meeting. At this meeting the Directors monitor the effective returns, and instruct the fund managers if any changes are required.

Sensitivity analysis – other price risk

Only investments in listed equities of \$2,501,000 (2008 : \$3,376,000) and unlisted equities of \$10,156,000 (2008: \$12,859,546) for Villa Maria Society are subject to movements in prices of the investment markets.

All other investments are either at cost, or are affected by movements in interest rates only (see Note 19(a)).

A 10% (2008: 10%) increase at the reporting date in the All Ordinaries Index (which includes the majority of the investments) would have increased profit by \$1,265,700 (2008: \$1,630,000) and an equal change in the opposite direction would have decreased profit by \$1,265,700 (2008: \$1,630,000). The analysis is performed on the same basis for 2008.

(e) Fair value

The carrying value of all financial assets and liabilities approximate their fair values.

For the year ending 30 June 2009

(f) Reclassification

The Board of Directors have resolved to reclassify its investments as at 1 July 2008 from held for trading to available for sale in line with the *Amendments to AASB 139 Financial Instruments: Recognition and Measurement and AASB 7 Financial Instruments: Disclosures*.

The fair value of financial assets reclassified from *held for trading* to *available for sale* in the financial year ended 30 June 2009 was \$13,757,000.

The carrying value of all reclassified financial assets approximates their fair value.

The net fair value loss recognised on these assets through the Income Statement for the year ended 30 June 2008 was \$4,109,000. The fair value gains/(losses) that would have been recognised on these assets through equity for the year ended 30 June 2009 was \$2,700,000.

Had these assets not been reclassified as at 1 July 2008 the net fair value gain/(loss) that would have been recognised in the profit or loss for the year ended 30 June 2009 was \$2,700,000.

NOTE 20 - EVENTS SUBSEQUENT TO REPORTING DATE

There are no events subsequent to year end that are of significance that requires disclosure.

NOTE 21 - COMPANY DETAILS

The Registered Office of Villa Maria Society is:

Villa Maria Society
Whitty House
6 Studley Park Road
Kew Victoria 3101

Directors' Declaration

Villa Maria Society
ACN 004 364 103

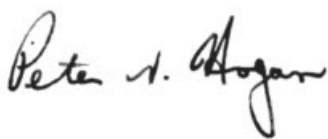
The Directors of the Villa Maria Society declare that:

1. The financial statements, comprising the income statement, balance sheet, cash flow statement, statement of changes in equity, and accompanying notes, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the company's financial position as at 30 June 2009 and of its performance for the year ended on that date.
2. In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



DIRECTOR
A C Atkin (President)



DIRECTOR
P Hogan (Vice-President)

Dated the 8th day of September 2009, Melbourne

Independent Auditor's Report



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Independent auditor's report to the members of Villa Maria Society

Report on the Financial Report

We have audited the accompanying financial report of Villa Maria Society, which comprises the balance sheet as at 30 June 2009 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility 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 our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls 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 controls. 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 met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration a copy of which is included in the directors' report.

Liability limited by a scheme approved
under Professional Standards Legislation



Auditor's Opinion

In our opinion:

1. the financial report of Villa Maria Society is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of Villa Maria Society at 30 June 2009 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

A handwritten signature in blue ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in blue ink that reads 'Stuart Painter'.

Stuart Painter
Partner
Melbourne
8 September 2009



Disability, Education and Senior Services

Villa Maria is a values-based organisation
providing quality services and life enhancing opportunities for older people
and people with a disability.

From humble beginnings as the Catholic Braille Writers Association in 1907,
Villa Maria has grown to become one of Victoria's largest providers of disability,
education and senior services, with more than 60 programs
supporting 5,000 people.

Villa Maria Society

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