



Calvary Health Care Bethlehem Ltd

ABN 81 105 303 704

Financial Report

for the Year Ended

30 June 2011

Calvary Health Care Bethlehem Ltd

DIRECTORS' REPORT

The Board of Directors of Calvary Health Care Bethlehem Ltd present their report on the Company for the financial year ended 30 June 2011.

Directors

Calvary Health Care Bethlehem Ltd Board of Directors is comprised of the same membership as the National Board of the Little Company of Mary Health Care Ltd which is the ultimate parent entity.

The names of Directors in office at any time during or since the end of the year are detailed below.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

NAME	QUALIFICATIONS	AREAS OF SPECIFIC RESPONSIBILITY
Hon John Watkins	M.A., L.L.B., DipEd	Chair (<i>Appointed 25 November 2010</i>) Member, MEC (<i>Appointed 17 February 2011</i>)
Michael Roche	BA (Accounting), FCPA, MACS	Deputy Chair Member, ARC Chair, SDC
Hon Gregory Crafter AO	LLB	Director Chair, MEC
Rebecca Davies	BEC; LLB (Hons), FAICD	Director Member, ARC Member, PRC
John Mackay AM	BA, FAIM	Director Chair, PRC
Professor Katherine McGrath	MB BS, FRCPA, FAICD	Director Member, PRC Member, SDC
Professor Peter Ravenscroft AM	MB, BS (Qld), MD (Qld), FRACP, FFPMANZCA, FaChPM	Director Member, MEC Member, SDC
Jane Tongs	MBA, BBus, FCA, FCPA, MAICD	Director Chair, ARC
Brigid Tracey AM	AM BN (Bachelor of Nursing), Grad Dip Nursing Administration	Director Member, ARC Member, MEC
Tom Brennan (<i>Resigned 25 November 2010</i>)	BA, LLB	Chair Member, PRC Member, SDC
David Penny (<i>Resigned 25 November 2010</i>)	BHS (Management), Master of General Business	Director Member, MEC
Margaret McGowen	BEC, FCA, FFin, ACIS	Company Secretary
David Bergman	BCom, MEc, ACA, FFin	Company Secretary (alt) (<i>Appointed 17 March 2011</i>)

Key:

ARC Audit & Risk Committee

MEC Mission & Ethics Committee

PRC Performance & Remuneration Committee

SDC Strategy & Development Committee

Calvary Health Care Bethlehem Ltd

DIRECTORS' REPORT

The Directors attended the following Board meetings and applicable Committees each Director was eligible to attend:

Director	Board Meetings		ARC		MEC		PRC		SDC	
	Held	Att	Held	Att	Held	Att	Held	Att	Held	Att
Tom Brennan	5	5					2	0	3	2
Hon John Watkins	6	6			2	0				
Hon Gregory Crafter OA	11	11			4	4				
Rebecca Davies	11	10	6	6			4	3		
John Mackay AM	11	11					4	4		
David Penny	5	5			2	2				
Michael Roche	11	9	6	6					3	3
Jane Tongs	11	9	6	5						
Prof Peter Ravenscroft AM	11	10			4	4			3	2
Prof Katherine McGrath	11	9					4	2	3	3
Brigid Tracey AM	11	11	6	5	4	4				

Key:

ARC Audit & Risk Committee

MEC Mission & Ethics Committee

PRC Performance & Remuneration Committee

SDC Strategy & Development Committee

Principal activities

The principal activities of the Company remain the provision of sub-acute services in Palliative Care and Neurology.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company during the financial year.

Results

A surplus of \$0.628M was achieved for the financial year ended 30 June 2011 (2010: surplus \$0.352M).

Management is actively reviewing operational performance to further improve this result. In the event of financial assistance being required the Company may call upon financial support from the Parent Entity, Little Company of Mary Health Care Ltd.

Calvary Health Care Bethlehem Ltd

DIRECTORS' REPORT

Review of operations

The Company operated a Public Hospital providing Inpatient and Community based Palliative Care and Neurological services.

(a) Revenues

The Company's revenue from operating activities totalled \$24.853M (2010: \$24.206M). Grants and subsidies from Government for Hospital operations totalled \$23.746M (2010: \$23.202M). Grants and subsidies represent 95.5% of revenue from operating activities.

(b) Expenses

The Company's expense from operating activities totalled \$25.524M (2010: \$25.152M). Expenses on personnel costs represent 78.7% of total operating expense.

Staffing levels have increased during the reporting period with total staff of 212 full time equivalents as at 30 June 2011 (2010: 210).

(c) Hospital activities

The overall inpatient activity for the year was 22,762 occupied bed days, a decrease of 0.8% on the year ended 30 June 2010.

Future developments

The Company plans to continue to provide and maintain a sustainable level of operations within an environment of enhanced service delivery. The Company will continue to seek additional recurrent funding from the Department of Health (Vic).

The most critical issue facing the Company is in relation to the aging of the facility. The configuration of the site is not suited to the delivery of modern health services and is compromising the Company's ability to develop and expand services, but more importantly, provide an optimal experience for those in the community who need services at the end of life. A business case submitted to the Department of Health (Vic) has confirmed that redevelopment of the existing site is the best option for the future and the focus of the Executive, National Board and Community Advisory Board will be on achieving this aim in the near future.

Significant events after year end

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

Calvary Health Care Bethlehem Ltd

DIRECTORS' REPORT

Report preparation

The Company's financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements.

Deed of access and indemnity - Directors

Little Company of Mary Health Care Ltd has executed a Deed of Access & Indemnity which enshrines directors' rights of access to records for seven years after they cease office and also indemnifies directors (to the extent permitted by law) against liability incurred in the course of their duties as a director of companies within the Little Company of Mary Health Care group.

Indemnification of officers

Little Company of Mary Health Care Ltd paid a premium during the year in relation to a Directors & Officers Liability policy indemnifying the Directors and Officers of the Group for losses which the Director or Officer may become legally obligated to pay on account of any claim made against the Director or Officer during the policy period for a wrongful act committed during the policy period.

Rounding off

The Company is an entity to which ASIC Class Order 98/100 applies. Accordingly, amounts in the financial statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Proceedings on behalf of the Company

No person has applied for leave of the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Company details

The Company is incorporated as a company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$100 towards meeting any outstanding obligations of the Company. As the Company only has one member, a total maximum of \$100 is payable on a wind up.

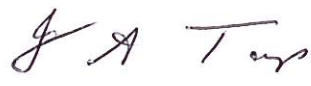
Auditor's independence declaration

The auditor's independence declaration is included on page 5 of the financial statements.

The Directors' Report is signed in accordance with a resolution of Directors made pursuant to s298(2) of the Corporations Act 2001.

On behalf of the Directors.


.....
Chair of the Board


.....
Director

Dated at *Melbourne* this *18th* day of August 2011.

The Board of Directors
Calvary Health Care Bethlehem Limited
476 Kooyong Road
CAULFIELD SOUTH VIC 3162

18 August 2011

Dear Board Members,

Calvary Health Care Bethlehem Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Calvary Health Care Bethlehem Limited.

As lead audit partner for the audit of the financial statements of Calvary Health Care Bethlehem Limited for the financial year ended 30 June 2011, I declare to the best of my knowledge and belief that there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



Deloitte Touche Tohmatsu



R D D Collie
Partner
Chartered Accountants

Calvary Health Care Bethlehem Ltd

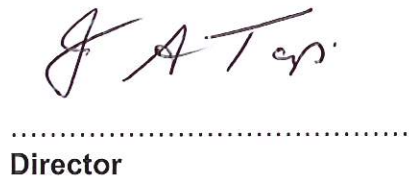
DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the financial statements and notes, set out on pages 8 to 30, are in accordance with the Corporations Act 2001, including;
 - (a) comply with accounting standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2011 and of the 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.

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


.....
Chair of the Board


.....
Director

Dated at Melbourne this 18th day of August 2011.

Calvary Health Care Bethlehem Ltd

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Calvary Health Care Bethlehem Ltd

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$ '000	2010 \$ '000
Revenue from operations		24,853	24,206
Other revenues		1,299	1,298
Total revenues	2	26,152	25,504
Employee benefits expense	3	20,084	19,642
Depreciation expense	3	437	334
Building utilisation charge	3	130	129
Finance costs	3	4	4
Supplies		1,109	1,109
Computer expenses		132	101
Consulting & legal costs		232	277
Contracted services		694	751
Insurance		405	306
LCMHC National Office shared service contributions		748	692
Operating lease rental expenses	3	225	224
Power, light & heat		139	143
Public relations		5	19
Repairs and maintenance		421	476
Subscriptions		52	50
Travel		40	44
Other expenses		667	851
Total expenses		25,524	25,152
Net profit for the year		628	352
Other comprehensive income		-	-
Total comprehensive income for the year		628	352

The Statement of Comprehensive Income is to be read in conjunction with the notes to the financial statements set out on pages 12 to 30.

Calvary Health Care Bethlehem Ltd

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Note	2011 \$ '000	2010 \$ '000
Current assets			
Cash and cash equivalents	4	1,565	453
Trade and other receivables	5	187	844
Inventories	6	17	18
Other current assets	8	137	45
Total current assets		<u>1,906</u>	<u>1,360</u>
Non-current assets			
Trade and other receivables	5	304	281
Financial assets	7	12,050	12,180
Property, plant and equipment	9	1,918	1,502
Total non-current assets		<u>14,272</u>	<u>13,963</u>
Total assets		<u>16,178</u>	<u>15,323</u>
Current liabilities			
Trade and other payables	11	1,862	1,541
Borrowings	12	-	500
Provisions	13	3,512	3,195
Total current liabilities		<u>5,374</u>	<u>5,236</u>
Non-current liabilities			
Provisions	13	699	610
Total non-current liabilities		<u>699</u>	<u>610</u>
Total liabilities		<u>6,073</u>	<u>5,846</u>
NET ASSETS		<u>10,105</u>	<u>9,477</u>
Equity			
Reserves	14	150	-
Retained earnings		9,955	9,477
TOTAL EQUITY		<u>10,105</u>	<u>9,477</u>

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements set out on pages 12 to 30.

Calvary Health Care Bethlehem Ltd

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$ '000	2010 \$ '000
Cash flows from operating activities			
Receipts from customers		2,781	2,244
Payments to suppliers and employees		(22,186)	(22,231)
Government grants received		23,083	22,144
GST recovered from the ATO		450	423
GST payments to ATO		(2,375)	(2,355)
Capital grants received		640	1
Interest received		113	83
Finance costs		(4)	(4)
Net cash provided by operating activities	16 (ii)	2,502	305
Cash flows from investing activities			
Proceeds on disposal of property, plant and equipment		-	16
Payment for property, plant and equipment		(890)	(508)
Payment for property improvement on behalf of LCM Calvary Health Care Holding Ltd.		-	(80)
Net cash used in investing activities		(890)	(572)
Cash flows from financing activities			
Proceeds from borrowings		-	500
Repayment of borrowings		(500)	-
Net cash provided by / (used in) financing activities		(500)	500
Net increase in cash held		1,112	233
Cash at the beginning of the financial year		453	220
Cash at end of the financial year	16 (i)	1,565	453

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements set out on pages 12 to 30.

Calvary Health Care Bethlehem Ltd

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011

	Retained earnings \$ '000	Capital grants (unspent) \$ '000	Total \$ '000
Balance 1 July 2009	9,095	30	9,125
Surplus for the year	352	-	352
Transfers to / (from) reserves	30	(30)	-
Balance 30 June 2010	9,477	-	9,477
Balance 1 July 2010	9,477	-	9,477
Surplus for the year	628	-	628
Transfers to / (from) reserves	(150)	150	-
Balance 30 June 2011	9,955	150	10,105

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements set out on pages 12 to 30.

Calvary Health Care Bethlehem Ltd

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

Note 1 Statement of significant accounting policies

Calvary Health Care Bethlehem Ltd is a Public Company limited by guarantee, incorporated and domiciled in Australia.

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

The financial statements have been prepared on an accruals basis and are based on historical costs, except for the revaluation of certain non-current assets and financial instruments.

The financial statements were authorised by the Board on 18 August 2011.

Standards affecting presentation and disclosure

The following new and revised Standards have been adopted in the current year. There have been no impacts on the amounts disclosed in the financial statements arising from the early adoption as the standards related to disclosure only.

AASB 1053 Application of Tiers of Australian Accounting Standards (*early adopted*); and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (*early adopted*).

Accounting policies

(a) Revisions of accounting estimates

Revisions to accounting estimates are recognised prospectively in current and future periods only.

(b) Rounding off

The Company is an entity to which ASIC Class Order 98/100 applies. Accordingly, amounts in the financial statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

(c) Comparative figures

Comparative figures have been adjusted to conform with changes in presentation for the current financial year as a result of changes in the mapping of the general ledger accounts.

(d) Taxation

The Company is exempt from income tax under the current provisions of the Australian Income Tax Assessment Act (1997). Accordingly, there is no income tax expense or income tax payable.

Calvary Health Care Bethlehem Ltd

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

(e) 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 (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

The GST components of cash flows arising from operating, investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

(f) Revenue recognition

Where applicable, revenues are recognised at the fair value of the consideration received net of the amount of goods and service tax (GST) payable to the Australian Taxation Office.

Rendering of services

Patient fee income is recognised when the fee in respect of services provided is receivable. Accrued patient income represents an estimate of fees due from patients not billed at balance date. This estimate is calculated with reference to individual episode information and per diem rates.

Grants received

Reciprocal grants

Grants received on the condition that specified services be delivered, or conditions fulfilled, are considered reciprocal. Such grants are initially recognised as a liability and revenue is recognised as services are performed or conditions fulfilled.

Non-reciprocal grants

Revenue is recognised when the grant is received or receivable.

Resources received free of charge

Revenue is recognised when fair value can be reliably measured. Usage of resources is recognised as a corresponding expense.

Interest revenue

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

Rental revenue

Rental revenue is recognised in accordance with rental agreements. Details of leased assets and future minimum lease payments are disclosed at Note 9.

Donation revenue

Donation revenue is recognised when received, at the fair value of the asset donated.

Calvary Health Care Bethlehem Ltd

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

(g) Finance costs

Finance costs include interest and finance lease/hire purchase finance charges and are expensed as incurred. In the case of assets which are under construction (and prior to being ready to use), finance costs are capitalised and form part of the total construction cost of the asset in the Statement of Financial Position.

(h) Financial instruments

If the Company has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit and loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of consideration paid, including the transfer of non cash assets or liabilities assumed, is recognised in profit or loss.

Classification and subsequent measurement

Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short-term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

Loans and receivables

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

Patient fees receivable are generally settled from Health Funds purchasers within 30 days and are carried at amounts due.

Other debtors to be settled within 30 days are carried at amounts due.

Calvary Health Care Bethlehem Ltd

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

Held-to-maturity investments

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. These assets are held at fair values with movements recorded directly to reserves. These assets are held at fair values with movements recorded directly to reserves.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Trade accounts payable are normally settled within 30 days.

(i) Inventories

Inventories are measured at the lower of cost and net realisable value.

(j) Property, plant and equipment

Property, plant and equipment are measured on a cost basis less depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss during the financial period in which they are incurred.

(k) Depreciation and amortisation

Assets are depreciated or amortised using the straight-line method of depreciation to their estimated residual values, from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Depreciation and amortisation rates and methods and residual values are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only.

The depreciation/amortisation rates used for each class of asset are as follows:

	2011	2010
Plant, equipment, fixtures and fittings	10.0%	10.0%
Medical, surgical and office equipment	15.0%	15.0%
Computer equipment	33.3%	33.3%
Motor vehicles	15.0%	15.0%

Calvary Health Care Bethlehem Ltd

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

(l) Impairment of assets

At each reporting date, the Company, a not-for-profit entity, reviews the carrying values of all 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 the recoverable amount is expensed.

In the case of Property, Plant and Equipment, 'Value in Use' is taken to be the depreciated replacement cost of the asset.

(m) Leased assets

Leases of plant and equipment under which the Company assumes substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Operating leases

Payments made under operating leases are expensed in equal instalments over the accounting periods covered by the lease term.

(n) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits, where the Company does not have an unconditional right to defer settlement for at least 12 months, have been classified as a current liability. Employee benefits payable later than one year have been classified as a non-current liability. Both the long-term current liabilities and non-current liabilities have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(o) Superannuation plan

The Company contributes to various defined contribution and accumulation superannuation plans. Contributions are charged as an expense as incurred.

For defined contribution plans, contributions are expensed when employees have rendered services entitling them to the contributions.

(p) Key estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements 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 Company and LCM Health Care group.

Calvary Health Care Bethlehem Ltd

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

Key estimates - impairment

The Company is a not-for-profit entity and assesses for asset impairment at each reporting date by evaluating conditions specific to the Company that may lead to the impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. The recoverable amount is defined as the higher of its fair value (less costs to sell), and its 'value in use'. As a not-for-profit entity, and where appropriate, value in use is calculated as the higher of the present value of future cash flows (inclusive of an appropriate assessment period and terminal value of the asset) or the asset's depreciated replacement cost.

Key judgements - provision for impairment of receivables

Current trade and term receivables are non interest bearing loans and generally on 30-day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of contract. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired.

Trade receivables

Included in accounts receivable at 30 June 2011 is an amount of \$0.096M which represents the net trade receivables believed to be recoverable by the Company. No receivables are considered to be impaired. The Company reviews outstanding debts as the basis for impairment. All impairment calculations are based on a commercial assessment criteria, including segmentation, ageing, billing and collections procedures and prevailing trends.

Other debtors

Other debtors consist of related parties, government departments and the like. The Directors do not believe any of the amounts warrant impairment.

Calvary Health Care Bethlehem Ltd

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

	Note	2011 \$ '000	2010 \$ '000
2 Revenue			
Operating activities			
Revenue from rendering of services		1,107	1,004
Recurrent grants received/receivable		22,702	22,797
Public Health Service capital grants		640	1
Resources received free of charge - revenue		404	404
		24,853	24,206
Non-operating activities			
Interest revenue		113	83
Rental revenue		91	95
Donation revenue		382	415
Profit on disposal of property, plant & equipment		-	16
Recovery of salary and wages		-	132
Canteen takings and meals and accommodation		82	77
Training income		42	57
Other revenue		589	423
		1,299	1,298
Total revenue		26,152	25,504
3 Expenses			
Depreciation of:			
plant and equipment		430	327
motor vehicles		7	7
Total depreciation expenses		437	334
Building utilisation charge		130	129
Finance costs:			
interest and bank fees		4	4
Employee benefits:			
Salaries and wages		17,824	17,261
Superannuation		1,591	1,502
Workcover		264	392
Long-term and post-employment benefits		405	487
		20,084	19,642
Operating lease rental expense:			
Other parties		225	224
Loss on disposal of property, plant & equipment		37	-

Calvary Health Care Bethlehem Ltd

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

	Note	2011 \$ '000	2010 \$ '000
Building utilisation charge			
<p>The Company transferred land and buildings to LCM Calvary Health Care Holdings Ltd (Holdings) in the 2003/2004 financial year and Holdings has acquired further assets and improvements since that time. The Company entered into a lease with Holdings for the lease of the land and buildings.</p> <p>The lease entered into between the Company and Holdings requires the Company to pay a building utilisation charge equivalent to the asset depreciation which would have been charged in the Company's financial statements had they owned the assets. Australian Accounting Standard AASB 117: Leases requires that operating lease payments should be spread over the period of the lease on a straight line basis unless another systematic basis is more representative of the time pattern of the user's benefit. The Directors believe that the current accounting treatment is representative of the time pattern of the user's benefit and this period has been used in the preparation of the Company's financial statements.</p>			
4 Cash			
Current			
Cash at bank and on hand		1,565	453
5 Trade and other receivables			
Current			
Trade receivables			
Receivables for patient fees		93	49
Accrued income - patient fees		3	71
		96	120
Other receivables			
Department of Health (Vic) grant receivable		-	571
Other receivables		91	153
		91	724
		187	844
Non Current			
Other receivables			
Department of Health (Vic) LSL receivable		304	281

Calvary Health Care Bethlehem Ltd

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

	Note	2011 \$ '000	2010 \$ '000
Department of Health (Vic) LSL receivable			
Under current funding arrangements the Department of Health (Vic) (the Department) funds a component of long service leave as part of recurrent funding. The recurrent funding includes an amount of 2.8% of salaries (as defined for this purpose) for the funding of long service leave payable by the Company.			
Where, at the end of a financial year, the increase in the provision for long service leave, calculated in accordance with AASB 119, is greater than 2.8% of salaries, the increase will be funded by the Department. The Company accounts for this funding with an increase in grant income and an increase in the LSL receivable, as calculated annually.			
If at the end of the financial year the increase in the provision for long service leave is less than 2.8% of salaries, the differences is taken as a reduction in the LSL receivable (to a maximum of the LSL receivable balance) and a reduction in grant income.			
The Department, at their discretion, at times makes cash payments to the Company to reduce the balance of the LSL receivable. In the event of a winding up of the Company, the Directors believe the Department would be responsible for the long service leave of the Company.			
6 Inventories			
Current - at cost			
Pharmacy		17	18
7 Financial assets			
Non Current			
Loan - LCM Calvary Health Care Holdings Ltd	17	12,050	12,180
Loan receivable - LCM Calvary Health Care Holdings Ltd			
The loan receivable from LCM Calvary Health Care Holdings Ltd (Holdings) has arisen from the transfer of assets from the Company to Holdings in the 2003/2004 financial year and from the funding of further assets and improvements acquired since that time. \$7.3M of the loan receivable is interest free and repayable on demand at the discretion of the Company. The balance of the loan receivable is also interest free but has no set date for repayment. The loan will be repaid as Holdings and the Company agree from time to time. The lease entered into between the Company and Holdings requires the Company to pay a building utilisation charge equivalent to the asset depreciation which would have been charged in the Company's financial statements had they owned the assets. This building utilisation charge is not paid in cash but is, under the terms of the lease, offset against the loans receivables balance.			
8 Other assets			
Current			
Prepayments		137	45

Calvary Health Care Bethlehem Ltd

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

	Note	2011 \$ '000	2010 \$ '000
9 Property, plant and equipment			
Plant and equipment - at cost		4,297	3,883
Less: Accumulated depreciation		<u>(2,407)</u>	<u>(2,415)</u>
		<u>1,890</u>	<u>1,468</u>
Motor vehicles - at cost		43	43
Less: Accumulated depreciation		<u>(15)</u>	<u>(9)</u>
		<u>28</u>	<u>34</u>
		<u>1,918</u>	<u>1,502</u>

Reconciliation of property, plant and equipment

Reconciliations of the carrying amounts for each class of property, plant & equipment are set out below:

Plant and equipment

Carrying amount at beginning of year		1,468	1,287
Acquisitions / additions		890	508
Disposals		(37)	-
Transfers in / (out)		(1)	-
Depreciation		<u>(430)</u>	<u>(327)</u>
Carrying amount at end of year		<u>1,890</u>	<u>1,468</u>

Motor Vehicles

Carrying amount at beginning of year		34	41
Transfers in / (out)		1	-
Depreciation		<u>(7)</u>	<u>(7)</u>
Carrying amount at end of year		<u>28</u>	<u>34</u>

(a) Leased assets

The Company leases building space to external parties under operating lease terms and conditions. Expiry of operating leases ranges from 1 to 4 years and are subject to regular market reviews.

Lease rental revenue is disclosed at Note 2.

Future minimum lease payments not provided for in the financial statements and receivable:

Not later than one year		104	99
Later than one year but not later than five years		<u>277</u>	<u>369</u>
		<u>381</u>	<u>468</u>

Calvary Health Care Bethlehem Ltd

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

	Note	2011 \$ '000	2010 \$ '000
10 Restricted assets			
The Company holds assets which are restricted by externally imposed conditions, for example, in line with grant and donor requirements.			
The assets are only available for application in accordance with the terms of these restrictions.			
<i>Brief details of externally imposed conditions</i>			
Category / Conditions			
Special Purpose / Conditions imposed by granting body		150	-
Other donations / Conditions imposed by donor		92	136
Research grants / Conditions imposed by granting body		73	95
Other grants / Conditions imposed by granting body		243	134
		<u>558</u>	<u>365</u>
Disclosed in the Statement of Financial Position as:			
Cash at bank and on hand		<u>558</u>	<u>365</u>
11 Trade and other payables			
Current			
Trade payables		847	672
Grants / income received in advance		419	180
Deferred income		113	140
Other payables and accruals		483	549
		<u>1,862</u>	<u>1,541</u>

Trade payable terms vary from 7 to 30 days generally. No interest is charged on trade payables.

Grants and other income received in advance relate to research and other grants which are restricted for use in the next financial year.

Deferred income relates to mobile telecommunication towers rental received in advance; a specific purpose grant restricted for use in the next financial year and quarantined allied health business units profits reserved for departmental use during the next financial year.

Other payables and accruals comprise of operational accruals for audit fees, agency costs, supply costs, maintenance and other sundry expenses.

Calvary Health Care Bethlehem Ltd

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

	Note	2011 \$ '000	2010 \$ '000
12 Borrowings arrangements			
Current			
Loan - LCM Health Care group entities - Treasury	(a)	-	500
Bank overdraft and financing arrangements			
The Company has access to the following lines of credit:			
Group pooling facility - bank	(b)	2,000	2,000
Credit card facility		5	5
Loan - LCM Health Care Ltd National Treasury	(a)	-	500
		2,005	2,505
Facilities utilised at balance date:			
Loan - LCM Health Care Ltd National Treasury		-	500
Facilities not utilised at balance date:			
Group pooling facility - bank		2,000	2,000
Credit card facility		5	5
		2,005	2,005

(a) Loan - LCM Health Care Ltd National Treasury

The National Treasury loan is unsecured and interest is charged at the RBA 90 day bank bill rate plus 1.5%, reviewed quarterly. The interest rate charged prior to 1 October 2010 was the RBA 90 day bank bill rate plus 1.0%. The average rate for the year was 6.37% (2010: 4.55%).

During the year a repayment of \$0.500M was made to LCM Health Care Ltd National Treasury in relation to borrowings of \$0.500M extended by LCM Health Care Ltd National Treasury during 2010.

(b) Group pooling facility - bank

The LCM Health Care Group utilises a pooling facility with interest calculated daily and paid monthly on the Group balance. The security for this facility is provided jointly and severally by all the entities in the Group. This facility avoids the need for individual companies to have overdraft facilities in place.

13 Provisions

Current

Employee benefits:

Annual leave	1,617	1,429
Long service leave	1,593	1,450
Accrued salary expenses	256	272
Other employee provisions	46	44
	3,512	3,195

Calvary Health Care Bethlehem Ltd

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

	Note	2011 \$ '000	2010 \$ '000
Non Current			
Employee benefits:			
Long service leave		<u>699</u>	<u>610</u>

Employee benefit provisions

Employee benefit provisions are reported as current liabilities where the Company does not have an unconditional right to defer settlement for at least 12 months. Consequently, the current portion of the employee benefit provision includes both short-term benefits measured at nominal values and long-term benefits, measured at present value. Employee benefit provisions that are reported as non-current liabilities refer to long-term benefits of non vested long service leave that do not qualify for recognition as a current liability, and are measured at present value.

Funding of employee entitlements

The Directors believe that, in the event of the cessation of the provision of public hospital services, the responsibility for accrued leave entitlements at that time for those employees who are undertaking public hospital services resides with the Department of Health (Vic).

Refer also to Note 5 for Department of Health (Vic) funding of long service leave.

Superannuation plans

The Company contributes to employee superannuation funds for all eligible employees based on various percentages of their gross salary, with a minimum contribution of 9% of gross salary. All employees are entitled to benefits on retirement, disability or death. The defined benefit fund provides defined lump sum benefits based on years of service and annual average salary.

During the financial year, total contributions made by the Company were \$1.591M (2010 \$1.502M). The contributions outstanding in respect of 2011 are \$0.115M (2010 \$0.116M). The basis for contributions are determined by the various schemes. The Company contributed to a defined benefits superannuation scheme (Health Super Fund) during 2011 for its staff. The Company has no other obligations under this scheme other than for payment of contributions for participating employees.

The unfunded superannuation liability in respect of members of the Health Super Fund is not recognised in the Statement of Financial Position. The Company's total unfunded superannuation liability for this fund has been assumed by and is reflected in the financial statements of the Department of Treasury and Finance (Vic).

Calvary Health Care Bethlehem Ltd

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

	Note	2011 \$ '000	2010 \$ '000
14 Reserves			
Capital grants (unspent)		150	-

Capital grants (unspent)

Amounts received for specific capital works projects are transferred from retained earnings to a reserve to ensure that the funds are used for the purpose for which they are received. The Company is committed to expend the funds on specified capital works projects as agreed with the Department of Health (Vic).

15 Commitments

Capital expenditure commitments

Plant & equipment

Contracted but not provided for and payable:

Within one year

	513	547
	513	547

Operating lease commitments

Future operating lease rentals not provided for in the financial statements and payable:

Not later than one year

Later than one year but not later than five years

	209	212
	302	352
	511	564

The Company leases assets under operating leases. In April 2011 the Company entered into a new lease agreement for the majority of its printers/copiers which expires within 5 years. Leases generally provide the Company with a right of renewal at which time all terms are renegotiated.

Lease with LCM Calvary Health Care Holdings Ltd

A lease agreement has been entered into between the Company and LCM Calvary Health Care Holdings Ltd (Holdings). The arrangement between the Company and Holdings provides for a building utilisation charge equivalent to the asset depreciation which would have been charged in the Company's financial statements had the Company owned the assets. The lease agreement was effective from 1 July 2004, with nominal rent of \$1 per annum payable, and is for a seventy year term.

Lease rental expenses are disclosed at Note 3.

Calvary Health Care Bethlehem Ltd

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

	Note	2011 \$ '000	2010 \$ '000
16 Notes to statement of cash flows			
(i) Reconciliation of cash			
For the purposes of the statement of cash flows, cash includes cash on hand and at bank and short-term term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown on the statement of cash flows is reconciled to the related items in the statement of financial position as follows:			
Cash at bank and on hand		1,565	453
(ii) Reconciliation of cash flow from operations with profit from ordinary activities			
Surplus from ordinary activities		628	352
Add / (Less) non-cash flows in surplus from ordinary activities:			
Depreciation of property, plant and equipment		437	334
Building utilisation charge		130	129
Deficit /(surplus) on disposal of plant and equipment		37	(16)
Net cash provided by operating activities before change in assets and liabilities		1,232	799
Change in assets and liabilities during the financial year:			
Decrease in trade debtors		24	21
(Increase) / decrease in other debtors		610	(522)
Decrease in inventories		1	9
Increase in other current assets		(92)	(10)
(Decrease) / increase in payables		321	(20)
Increase in employee benefits		406	28
Net cash provided by operating activities		2,502	305

Calvary Health Care Bethlehem Ltd

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

	2011	2010
	\$	\$

17 Related parties

(a) Key management personnel

From time to time Directors, executives and other key management personnel of the Company may be treated as patients. This service is provided on the same terms and conditions as those entered into by other employees or customers and are trivial or domestic in nature.

A payment, the details of which are confidential and not disclosed, was made by the Parent Entity, Little Company of Mary Health Care Ltd, in respect of a contract of insurance indemnifying all Officers against liability for any claims brought against a Director or Officer.

Non-Executive Directors' fees and National executive salaries are paid and are reported separately by the Parent Entity, Little Company of Mary Health Care Ltd.

Executives (aggregate)		
Short-term benefits	867,028	731,608

Other related parties

(b) Transactions

Receipts during the year from LCM Health Care group companies:

Borrowings received	-	500,000
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Amounts included in income received during the year from LCM Health Care group companies:

Recovery of salaries and wages (incl on-costs)	-	131,534
Recovery of travel and catering costs	-	313
Transfer of leave provisions	1,975	-

Received during the year from The Corporation of the LCM:

Rental income	1,000	-
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Amounts paid during the year to LCM Health Care group companies:

Repayment of borrowings	500,000	-
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Amounts included in expenditure during the year to LCM Health Care group companies:

National Office shared service contribution	469,188	437,004
National IT shared service contribution - non-recurrent	120,966	121,000
National IT shared service contribution - recurrent	157,911	134,004
Interest costs	740	1,093
Building utilisation charge	129,492	128,832
Payments for goods & services	64,442	20,182
Insurance premiums	23,325	3,023
Salaries and wages (incl on-costs) recovered	371,484	429,792
Palliative care education	900	1,550

Calvary Health Care Bethlehem Ltd

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

	2011	2010
	\$	\$
Payments made during the year for increased indebtedness from LCM Health Care group companies:		
Buildings / building improvements	-	80,259
(c) Receivables		
Amounts receivable from LCM Health Care group companies:		
LCM Calvary Health Care Holdings Limited	12,050,452	12,179,943

Calvary Health Care Bethlehem Ltd

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

18 Financial risk management

The Company's financial instruments consist mainly of deposits with banks, accounts and loans receivable and accounts and loans payable.

The Company does not have any derivative instruments at 30 June 2010 or 2011.

The Company's overall risk management strategy seeks to meet its financial targets whilst minimising potential adverse effects on financial performance.

Interest rate risk is managed with floating rate debt. As at 30 June 2011, the Company had no debt.

	Note	Weighted average interest rate	Variable interest rate \$'000	Fixed interest maturing in:		Non- interest bearing \$'000	Total \$'000
				1 year or less \$'000	1 to 5 years \$'000		
2011							
Financial assets							
Cash assets	4	4.46%	1,562	-	-	3	1,565
Receivables	5/8	-	-	-	-	628	628
Other financial assets	7	-	-	-	-	12,050	12,050
			1,562	-	-	12,681	14,243
Financial liabilities							
Payables	11	-	-	-	-	1,862	1,862
			-	-	-	1,862	1,862
2010							
Financial assets							
Cash assets	4	3.47%	450	-	-	3	453
Receivables	5/8	-	-	-	-	1,170	1,170
Other financial assets	7	-	-	-	-	12,180	12,180
			450	-	-	13,353	13,803
Financial liabilities							
Payables	11	-	-	-	-	1,541	1,541
Borrowings	12	4.55%	500	-	-	-	500
			500	-	-	1,541	2,041
				2011			2010
				Carrying			Carrying
				amount			amount
				\$'000			\$'000
Financial assets							
Loans and receivables				12,678			13,350
Available for sale				1,565			453
				14,243			13,803
Financial liabilities							
At amortised cost				1,862			2,041

Calvary Health Care Bethlehem Ltd

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

19 Contingent liabilities and assets

There are no events identified and not brought to account which could be expected to have a material effect on the financial statements in the future.

20 Economic dependency and going concern

The Company depends on the annual appropriation of monies by the Victorian Government to fund its operations and meet commitments in accordance with agreements between the Company and the Victorian Department of Health.

Of total revenue 90.8% is derived from Government funding, and 3.9% is derived from health funds. Benefits are paid in accordance with agreements between the Company and the respective health funds.

The Company is one of a number of subsidiaries of the Parent Entity, Little Company of Mary Health Care Ltd. The constitution of the Company has the provision required under s187 of the Corporations Act which expressly authorises the Company to act in the best interests of the Parent Entity, so that it is capable of providing economic assistance to the Parent Entity, provided the Company will not become insolvent as a result of giving such economic assistance. It is not envisaged the Company will need to rely on the Parent Entity for its economic dependency.

The Parent Entity may, in turn, provide economic assistance to any of its subsidiaries by withdrawing funds from the Company or any other of its subsidiaries, except for those moneys held in certain Special Purpose or Trust Fund Accounts, to provide such support as is necessary to enable the Parent Entity or subsidiary to pay its debts as and when they fall due, provided neither the Parent Entity or the Company will become insolvent as a result of the withdrawal.

The Directors currently believe that, collectively, the Parent Entity and its subsidiaries have sufficient cash resources to ensure the Company, the Parent Entity, and other subsidiaries of the Parent Entity will continue to trade as going concerns and they are unaware of any material uncertainties, events or conditions, which may cast significant doubt on this belief.

21 Event subsequent to balance date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

22 Registered office and members guarantee

Calvary Health Care Bethlehem Ltd is a company limited by guarantee, incorporated in Australia and operating in Melbourne, Victoria.

The Company's registered office is Level 18, 68 Pitt St Sydney NSW 2000 and the principal place of business of the Company is 476 Kooyong Road Caulfield South VIC 3162.

Independent Auditor's Report to the Members of Calvary Health Care Bethlehem Limited

We have audited the accompanying financial report of Calvary Health Care Bethlehem Limited, which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, cash flow statement and statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, as set out on pages 6 to 30.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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



Auditor's Independence Declaration

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

Auditor's Opinion

In our opinion, the financial report of Calvary Health Care Bethlehem Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

DELOITTE TOUCHE TOHMATSU

R D D Collie
Partner
Chartered Accountants
Melbourne, 18 August 2011