

LIFEBRIDGE AUSTRALIA LIMITED
ABN 35 023 657 150

Financial report for the year ended 30 June 2015

DIRECTORS' REPORT

Your directors present this report on the company for the financial year ended 30 June 2015.

Directors

The names of each person who has been a director during the year and to the date of this report are:

| | |
|---|--|
| Milena Morrow (appointed 25/3/2015) | Raja Jata (appointed 25/3/2015) |
| Jenny Hicks (appointed 22/4/2015) | Garry Smith (appointed 19/5/2015) |
| Norman Henstridge (appointed 22/4/2015) | Claire Treadgold (appointed 25/3/2015) |
| Rebecca Mussett (appointed 22/4/2015) | |

Lifefridge East Inc. converted from an incorporated association registered in NSW to a company limited by guarantee on 25 March 2015. The Directors were all Members of the Board of Lifefridge East Inc. on the date of conversion to Lifefridge Australia Ltd.

The following were Board Members of Lifefridge East Inc since the start of the financial year and did not become Directors of Lifefridge Australia Ltd:

| | |
|---|-----------------------------------|
| Alicia Northcott (resigned 25/3/2015) | Robyn Owens (resigned 10/12/2014) |
| Carole Van't Riet (resigned 10/12/2014) | |

Principal Activities

The principal activity of the company during the financial year were:

- To provide disability, aged care and carer support services to members of the community who are eligible for those services.

Short-term and Long-term Objectives

The company's short-term objectives are to:

- Maintain sustainability
- Review upcoming changes in the Disability and Aged Care Industries
- Review internal rostering system

The company's long-term objectives are to:

- Sustainability in the NDIS environment
- Review Lifefridge's position and develop strategies to increase its market share

Strategies

To achieve its stated objectives, the company has adopted the following strategies:

- Retain customer-base
- Secure extensions to existing government contracts
- Achieve Board approved budget
- Establishment of transition plan to be NDIS ready

Key Performance Measures

The company measures its own performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial sustainability of the company and whether the company's short-term and long-term objectives are being achieved.

1. Customer numbers are not materially different to the prior year
2. Government funding secured
3. Budget delivered on target
4. Draft Transition Plan developed by 30 June 2015

LIFEBRIDGE AUSTRALIA LIMITED

ABN 35 023 657 150

Information on Directors

Milena Morrow

- Chair

Qualifications

- Background in finance, training and long-term experience in the not-for-profit sector, and now professional editor. Holds position of Chair of the Tweed Shire Council Equal Access Advisory Committee. NSW government appointed (Ambassador/Champion initiative) to promote Living Life My Way.

Experience

- Appointed to the Board of Lifebridge East Inc. in 2007

Garry Smith

- Vice Chair

Qualifications

- Background in local government town planning, governance, human resources, finance and legal matters. Is involved in many community groups, is a life member of Murwillumbah Apex Club and a member of the State Emergency Services.

Experience

- Appointed to the Board of Lifebridge East Inc. in 2010

Raja Jata

- Treasurer

Qualifications

- Background includes more than 18 years experience as a business advisor and consultant. Has run a number of companies, led complex strategies within large corporations and advised on technical projects as an external consultant.

Experience

- Appointed to the Board of Lifebridge East Inc. in 26 March 2014

Alicia Northcott (resigned 25/3/2015)

- Secretary of Lifebridge East Inc. until 10 December 2014

Qualifications

- Bachelor of Arts with Honours and a Juris Doctor (Graduate Bachelor of Law).
Background in governance, compliance, risk management, change management and law.

Experience

- Appointed to the Board of Lifebridge East Inc. in 2012

Carole Van't Riet (resigned 10/12/2014)

- Public Officer until 10 December 2014

Qualifications

- Background includes 30 years experience in aged care nursing. Involved with a number of community organisations including the Tweed/Byron Life Education Action Group, Quota International and Disadvantaged Youth.

Experience

- Founding Board member of Lifebridge East Inc. until 10 December 2014

Jenny Hicks

- Director, Public Officer since 10 December 2014

Qualifications

- Background includes over 20 years experience in tertiary adult education, particularly in the areas of childcare and nursing.

Experience

- Appointed to the Board of Lifebridge East Inc. in 2005

LIFEBRIDGE AUSTRALIA LIMITED

ABN 35 023 657 150

Information on Directors (cont.)

- | | |
|-----------------------------------|--|
| Robyn Owens (resigned 10/12/2014) | – Director until 10 December 2014 |
| Qualifications | – Diploma in Frontline Management. Background includes 17 years' experience in management of services for adults with a disability including supported accommodation. Has completed various short courses through the Diversional Therapy Association. |
| Experience | – Appointed to the Board of Lifebridge East Inc. in 2012 |
| Claire Treadgold | |
| Qualifications | – Director – Background includes nearly twenty years experience in non-profit management, with a particular focus in health and community services. Before establishing her own consulting business, she was the General Manager of Operations and Services for the national charity CanTeen (the Australian Organisation for Young People Living with Cancer) and was previously the national director of the YWCA's breast cancer support program, Encore. Claire has held a number of community and voluntary roles including as a member of the Cancer Australia National Reference Group, the Australian Government's Ministerial Advisory Committee on Mentoring, a Board Member of the Reg Waite Award for Young Australian Achievers and is the current Chair of the YWCA's national nominations committee. Her post-graduate qualifications include a PhD in Education, a Masters of Arts in Communications and Graduate Diplomas in Educational Studies and Adolescent Health and Welfare (Oncology). |
| Experience | – Appointed to the Board of Lifebridge East Inc. 24 September 2014. |
| Norman Henstridge | |
| Qualifications | – Director – Background is in acute healthcare having worked in pathology, hospital administration, radiology in the public and private sector, and commercial organisations. He retired from full time work in 2004 and has been undertaking health planning consulting work since then. A long term assignment has been planning and managing a diagnostic cardiology service in Fiji in association with an Australian cardiologist. Norm is also on the Board of the Tweed Heads and Coolangatta RSL Sub-branch, having served as Treasurer for six years. In this role he sees similar needs among the military veteran community as is served by Lifebridge in the general community. Norm was a Medical Corps officer in the Army Reserve for 15 years, retiring with the rank of Major. Norm has a Degree in Applied Science, an MBA from Queensland University, is an Associate Fellow of the ACHSM and a Member of the AICD. |
| Experience | – Appointed to the Board of Lifebridge East Inc. in 10 December 2014 |

LIFEBRIDGE AUSTRALIA LIMITED

ABN 35 023 657 150

Information on Directors (cont.)

Rebecca Mussett

- Director

Qualifications

- Rebecca has worked for nearly 20 years in the aged care and not for profit sector, primarily as General Manager or Chief Executive Officer of residential aged care facilities as well as Director of various companies and/or Boards.

Rebecca held the position of Chief Executive Officer of Lifebridge from 2011-2014 until an opportunity to buy a business with her husband in May 2014 was too good to pass up! Rebecca is now a very happy and settled small business owner.

Rebecca holds a Masters of Business Administration (MBA) in Industrial Relations, Health Management and Quality Management Systems, has completed the AICD Director's Course and is a member of the Australian Institute of Company Directors.

Experience

- Appointed to the Board of Lifebridge East Inc. on the 10 December 2014

LIFEBRIDGE AUSTRALIA LIMITED

ABN 35 023 657 150

Meetings of Directors

During the financial year, 9 meetings of directors (board members of Lifebridge East Inc.) were held. Attendances by each director/board member were as follows:

| | Directors' Meetings | |
|-------------------|---------------------------|-----------------|
| | Number eligible to attend | Number attended |
| Milena Morrow | 9 | 9 |
| Raja Jata | 9 | 8 |
| Jenny Hicks | 9 | 6 |
| Garry Smith | 9 | 7 |
| Claire Treadgold | 8 | 8 |
| Norman Henstridge | 6 | 6 |
| Rebecca Mussett | 6 | 4 |
| Carole Van't Riet | 3 | 2 |
| Alicia Northcott | 6 | 5 |
| Robyn Owens | 4 | 3 |

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the entity. At 30 June 2015, the total amount that members of the company are liable to contribute if the company is wound up is \$120.00

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2015 has been received and can be found on page 6 of the financial report.

This directors' report is signed in accordance with a resolution of the Board of Directors.



Director:

Milena Morrow



Director:

Raja Jata

Dated this 28th day of October 2015

LIFEBRIDGE AUSTRALIA LIMITED

ABN 35 023 657 150

AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF LIFEBRIDGE AUSTRALIA LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015 there have been no contraventions of:

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

Name of Firm: GRANT & BRADY

A handwritten signature in black ink, appearing to read 'Peter Grant', is written over a horizontal line.

Name of Partner: PETER R. GRANT

Date: 28/10/2015

Address: 107 Murwillumbah Street
MURWILLUMBAH
NSW 2484

LIFEBRIDGE AUSTRALIA LIMITED

ABN 35 023 657 150

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR
ENDED 30 JUNE 2015

| | Note | 2015 | 2014 |
|--|------|------------|-----------|
| | | \$ | \$ |
| Revenue | 2 | 11,074,251 | 9,769,344 |
| Employee benefits expense | 3 | 6,803,785 | 6,558,032 |
| Brokerage paid | | 103,307 | 772,703 |
| Program and related expenses | | 2,132,003 | 673,697 |
| Office Expenses | | 429,621 | 328,282 |
| Depreciation and amortisation expense | 3 | 132,136 | 194,518 |
| Motor vehicle expenses | | 134,598 | 159,043 |
| Rental expense | 3 | 85,319 | 124,821 |
| Insurance – general | | 13,556 | 40,708 |
| Insurance – workers compensation | | 224,619 | 79,170 |
| Funding returned to funding body | | - | 18,391 |
| Marketing | | 7,089 | 9,526 |
| Temporary labour hire | | - | 9,042 |
| Subcontractors | | 239,715 | - |
| Items under \$5,000 expensed | | 30,118 | - |
| Other expenses | | 426,653 | 159,764 |
| Administration (internal) | | 305,028 | 378,385 |
| Profit before income tax | | 6,704 | 263,262 |
| Income tax expense | | - | - |
| Profit for the year | | 6,704 | 263,262 |
| Other comprehensive income | | | |
| Items that will not be reclassified subsequently to profit or loss | | - | - |
| Items that may be reclassified subsequently to profit or loss | | - | - |
| Other comprehensive income for the year | | - | - |
| Total comprehensive income for the year | | 6,704 | 263,262 |
| Profit attributable to members of the entity | | 6,704 | 263,262 |
| Total comprehensive income attributable to members of the entity | | 6,704 | 263,262 |

The accompanying notes form part of these financial statements.

LIFEBRIDGE AUSTRALIA LIMITED

ABN 35 023 657 150

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

| | Note | 2015 \$ | 2014 \$ |
|--------------------------------------|------|------------------|------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 4 | 523,843 | 1,030,770 |
| Trade and other receivables | 5 | 248,098 | 162,375 |
| Financial assets | 6 | 3,519,116 | 2,213,952 |
| Other assets | 7 | 82,489 | - |
| TOTAL CURRENT ASSETS | | 4,373,546 | 3,407,097 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 8 | 1,064,602 | 1,869,684 |
| TOTAL NON-CURRENT ASSETS | | 1,064,602 | 1,869,684 |
| TOTAL ASSETS | | 5,438,148 | 5,276,781 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 9 | 625,976 | 690,315 |
| Provisions | 10 | 688,608 | 578,889 |
| TOTAL CURRENT LIABILITIES | | 1,314,584 | 1,269,204 |
| NON-CURRENT LIABILITIES | | | |
| Provisions | 10 | 209,544 | 206,380 |
| TOTAL NON-CURRENT LIABILITIES | | 209,544 | 206,380 |
| TOTAL LIABILITIES | | 1,524,128 | 1,475,584 |
| NET ASSETS | | 3,914,020 | 3,801,197 |
| EQUITY | | | |
| Retained earnings | 16 | 3,914,020 | 3,801,197 |
| TOTAL EQUITY | | 3,914,020 | 3,801,197 |

The accompanying notes form part of these financial statements.

LIFEBRIDGE AUSTRALIA LIMITED

ABN 35 023 657 150

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

| | Note | Retained Earnings \$ | Financial Assets Reserve \$ | Revaluation Surplus \$ | Total \$ |
|---|------|----------------------------|--------------------------------------|------------------------------|-------------|
| Balance at 1 July 2013 | | 3,537,935 | - | - | 3,537,935 |
| Comprehensive income | | | | | |
| Profit for the year | | 263,262 | - | - | 263,262 |
| Other comprehensive income for the year | | - | - | - | - |
| Total comprehensive income attributable to members of the entity for the year | | 263,262 | - | - | 263,262 |
| Balance at 30 June 2014 | | 3,801,197 | - | - | 3,801,197 |
| Balance at 1 July 2014 | | 3,801,197 | - | - | 3,801,197 |
| Prior year adjustment | 16 | 106,119 | - | - | 106,119 |
| Balance at 1 July 2014 (restated) | | 3,907,316 | - | - | 3,907,316 |
| Comprehensive income | | | | | |
| Profit for the year | | 6,704 | - | - | 6,704 |
| Other comprehensive income for the year | | - | - | - | - |
| Total comprehensive income attributable to members of the entity for the year | | 6,704 | - | - | 6,704 |
| Balance at 30 June 2015 | | 3,914,020 | - | - | 3,914,020 |

The accompanying notes form part of these financial statements.

LIFEBRIDGE AUSTRALIA LIMITED

ABN 35 023 657 150

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

| | Note | 2015 \$ | 2014 \$ |
|--|------|--------------|-------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipt from funding bodies, clients and brokerage | | 10,406,833 | 10,694,762 |
| Payments to funding bodies, clients, brokerage and ATO | | (10,935,421) | (9,795,635) |
| Interest received | | 126,425 | 118,271 |
| Net cash generated from operating activities | | (402,163) | 1,017,398 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from sale of property, plant and equipment | | 1,200,400 | - |
| Payment for property, plant and equipment | | - | - |
| (Increase) in Term Deposits | | (1,305,164) | (94,112) |
| Net cash used in investing activities | | (104,764) | (94,112) |
| Net increase in cash held | | (506,927) | 923,286 |
| Cash and cash equivalents at beginning of financial year | | 1,030,770 | 107,484 |
| Cash and cash equivalents at end of financial year | 4 | 523,843 | 1,030,770 |

The accompanying notes form part of these financial statements.

LIFEBRIDGE AUSTRALIA LIMITED

ABN 35 023 657 150

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

Lifefridge Australia Limited applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 28/10/2015 by the directors of the company.

Accounting Policies

a. Revenue

Non-reciprocal grant revenue is recognised in profit or loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the state of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

Revenue from the rendering of a service is recognised upon the delivery of the service to the client.

All revenue is stated net of the amount of goods and services tax.

Brokerage income is recognised upon invoicing to the client.

c. Property, Plant and Equipment

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

Freehold property

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

In periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation

LIFEBRIDGE AUSTRALIA LIMITED

ABN 35 023 657 150

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Freehold land and buildings that have been contributed at no cost, or for nominal cost, are initially recognised and measured at the fair value of the asset at the date it is acquired.

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment).

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

The Board has approved the policy that only assets in excess of \$5,000 in value be capitalised. The Board has further approved the policy that all assets less than \$5,000 considered to be "valuable and attractive" (e.g. laptops, mobile phones, furniture etc) be recorded in a "Valuable and Attractive Assets Register".

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the entity commencing from the time the asset is 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.

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

| Class of Fixed Asset | Depreciation Rate |
|------------------------|-------------------|
| Buildings | 2.5% |
| Plant and equipment | 6.67% - 25% |
| Leasehold Improvements | 10% |
| Motor Vehicles | 10% - 25% |

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

e. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are recognised immediately as expenses in profit or loss.

LIFEBRIDGE AUSTRALIA LIMITED

ABN 35 023 657 150

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value (refer to Note 1(q)), amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

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

(i) 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. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) 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. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

LIFEBRIDGE AUSTRALIA LIMITED

ABN 35 023 657 150

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged or cancelled, or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

f. Impairment of Assets

At the end of each reporting period, the entity assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

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

g. Employee Benefits

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

The company classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service.

Provision is made for the company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

The company's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

Retirement benefit obligations

Defined contribution superannuation benefits

All employees of the company receive defined contribution superannuation entitlements, for which the company pays the fixed superannuation guarantee contribution (currently 9.5% of the

LIFEBRIDGE AUSTRALIA LIMITED

ABN 35 023 657 150

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The company's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the company's statement of financial position.

h. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

i. 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 Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

j. Income Tax

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997.

k. Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

l. Comparative Figures

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

m. Trade and Other Payables

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

n. Critical Accounting Estimates and Judgements

The Board evaluates 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.

LIFEBRIDGE AUSTRALIA LIMITED

ABN 35 023 657 150

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Key judgements

Provision for impairment of receivables

Lifefridge Australia Ltd applies a "best effort" principle to pursuing outstanding receivables.

Lifefridge Australia Ltd is unable to refuse service for unpaid receivables in the context of current funding agreements.

Provision for depreciation

Assessments are made on the useful lives of fixed assets. Depreciation rates are set accordingly.

Provision for long service leave – probabilities

Assessments are made on the probability of staff taking long service leave. This has taken into account the history within the entity itself and characterisation of the industry. The following probabilities have been used to determine long service leave during the year -

| Years of service | Probability |
|------------------|-------------|
| 0 – 2 | 25% |
| 2 – 3 | 30% |
| 3 – 4 | 40% |
| 4 – 5 | 60% |
| 5 – 6 | 70% |
| 6 + | 100% |

LIFEBRIDGE AUSTRALIA LIMITED

ABN 35 023 657 150

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2: REVENUE AND OTHER INCOME

| | 2015 | 2014 |
|---|------------|-----------|
| | \$ | \$ |
| Revenue | | |
| Funding Revenue | | |
| – State funding (ADHC) – recurrent | 7,705,596 | 6,564,660 |
| – Commonwealth funding – recurrent | 1,613,269 | 1,503,595 |
| – State funding (ADHC) – non-recurrent | - | 56,519 |
| – Commonwealth funding – non-recurrent | 92,532 | 48,690 |
| – Miscellaneous funding | 158,686 | 3,500 |
| | 9,570,083 | 8,176,964 |
| Internal revenue | | |
| – Administration fees (charged to programs) | 301,573 | 408,867 |
| | 301,573 | 408,867 |
| Brokerage – external | | |
| – Brokerage – Disability | 185,217 | - |
| – Brokerage – Aged Care | 9,555 | - |
| – Brokerage – external | - | 570,443 |
| – Brokerage – "Your Choice" | - | 94,745 |
| – Brokerage – other (net of internal charges) | - | 103,462 |
| | 194,772 | 768,650 |
| Other revenue | | |
| – Fees received | 438,167 | 253,868 |
| – Interest received | 168,891 | 118,271 |
| – Profit on sale of property | 281,973 | - |
| – Other | 118,792 | 42,724 |
| | 1,007,823 | 414,863 |
| Total revenue | 11,074,251 | 9,769,344 |

- (a) Brokerage – external is internally generated revenue with a corresponding expense included in the "Brokerage paid" expense, disclosed in the statement of profit or loss and other comprehensive income. The grossing up of this revenue and expense has no effect on the entity's profit. This amount is also included in the gross receipts and payments in the cashflow statement, but has no effect on the cash generated from operations.
- (b) There is a requirement to show the full amount of funding received based on the funding agreement. Subsequent treatment of administration charges inflates both expense and income categories. However, the net result is a true reflection of the business activity achievement.

LIFEBRIDGE AUSTRALIA LIMITED

ABN 35 023 657 150

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 3: PROFIT FOR THE YEAR

| | 2015 | 2014 |
|--------------------------------------|-----------|-----------|
| | \$ | \$ |
| a. Expenses | | |
| Employee benefits expense | | |
| – Employee benefits expense | 6,803,785 | 6,558,032 |
| Rental expense on operating leases | 85,319 | 124,821 |
| Depreciation and amortisation: | | |
| – Buildings & Leasehold Improvements | 75,507 | 90,258 |
| – Plant and equipment | 56,629 | 104,260 |
| Total depreciation and amortisation | 132,136 | 194,518 |

NOTE 4: CASH AND CASH EQUIVALENTS

| | 2015 | 2014 |
|--------------|---------|-----------|
| | \$ | \$ |
| CURRENT | | |
| Cash at bank | 513,842 | 1,020,769 |
| Cash on hand | 10,001 | 10,001 |
| | 523,843 | 1,030,770 |

LIFEBRIDGE AUSTRALIA LIMITED

ABN 35 023 657 150

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 5: TRADE AND OTHER RECEIVABLES

| | Note | 2015 | 2014 |
|---|------|----------------|----------------|
| | | \$ | \$ |
| CURRENT | | | |
| Trade receivables | | 163,598 | 134,255 |
| Other receivables: | | | |
| Sundry Debtors | | 101,811 | 28,120 |
| Less: Provision for Doubtful Debts | | 17,311 | |
| Total current trade and other receivables | | <u>248,098</u> | <u>162,375</u> |

NOTE 6: FINANCIAL ASSETS

| | 2015 | 2014 |
|-----------------------------------|------------------|------------------|
| | \$ | \$ |
| CURRENT | | |
| Held to maturity financial assets | | |
| – Term deposits | 3,519,116 | 2,213,952 |
| | <u>3,519,116</u> | <u>2,213,952</u> |

NOTE 7: OTHER ASSETS

| | 2015 | 2014 |
|----------------|---------------|----------|
| | \$ | \$ |
| CURRENT | | |
| Accrued income | 42,466 | - |
| Prepayments | 40,023 | - |
| | <u>82,489</u> | <u>-</u> |

LIFEBRIDGE AUSTRALIA LIMITED

ABN 35 023 657 150

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

| | 2015 | 2014 |
|---|-----------|-----------|
| | \$ | \$ |
| Land and Buildings | | |
| Freehold land at cost | - | 323,522 |
| Total land | - | 323,522 |
| Buildings at cost: | - | 416,536 |
| Less accumulated depreciation and impairment | - | (75,286) |
| Total buildings | - | 341,250 |
| Total land and buildings | - | 664,772 |
| Plant and Equipment | | |
| Plant and equipment at cost | 1,134,935 | 1,226,445 |
| Less accumulated depreciation | (730,545) | (755,103) |
| | 404,390 | 471,342 |
| Total plant and equipment | 404,390 | 471,342 |
| Leasehold Improvements | | |
| Leasehold improvements (to council property – Kingscliff) | 912,177 | 912,177 |
| Accumulated amortisation | (251,965) | (178,607) |
| Total leasehold improvements | 660,212 | 733,570 |
| Total property, plant and equipment | 1,064,602 | 1,869,684 |

Movements in Carrying Amounts

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

| | Land and Buildings | Plant and Equipment | Leasehold Improvements | Total |
|--|--------------------|---------------------|------------------------|-----------|
| | \$ | \$ | \$ | \$ |
| 2015 | | | | |
| Balance at the beginning of the year | 664,772 | 471,342 | 733,570 | 1,869,684 |
| Additions at cost | - | - | - | - |
| Additions at fair value | - | - | - | - |
| Disposals | (662,623) | (10,323) | - | (672,946) |
| Depreciation expense | (2,149) | (56,629) | (73,358) | (132,136) |
| Carrying amount at the end of the year | - | 404,390 | 660,212 | 1,064,602 |

LIFEBRIDGE AUSTRALIA LIMITED

ABN 35 023 657 150

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

Plant and equipment

Plant and equipment includes motor vehicles with a carrying value of \$336,308 (2014: \$340,852)

Leasehold improvements (the 'cottage' at Kingscliff)

Lifebridge Australia Ltd has an agreement with the Tweed Shire Council whereby it is responsible for the maintenance and upkeep of property at Kingscliff, used for the provision of aged care services. Lifebridge Australia Ltd has negotiated a 20 year peppercorn lease of \$1 annually with the Council, expiring on 31 August 2032.

NOTE 9: TRADE AND OTHER PAYABLES

| | Note | 2015 \$ | 2014 \$ |
|---|------|----------------|----------------|
| CURRENT | | | |
| Trade payables | | 53,822 | 416,134 |
| Deferred income | | 25,301 | 156,132 |
| Other current payables | | 546,853 | 118,049 |
| | 9a | <u>625,976</u> | <u>690,315</u> |
| a. Financial liabilities at amortised cost classified as trade and other payables | | | |
| Trade and other payables: | | | |
| — total current | | <u>625,976</u> | <u>690,315</u> |
| Less: deferred income | | 25,301 | 156,132 |
| Less: other payables | | 546,853 | 118,049 |
| Financial liabilities as trade and other payables | 15 | <u>53,822</u> | <u>416,134</u> |

NOTE 10: PROVISIONS

| | 2015 \$ | 2014 \$ |
|---|----------------|----------------|
| CURRENT | | |
| Provision for employee benefits: annual leave | 447,076 | 386,469 |
| Provision for employee benefits: long service leave | 241,532 | 192,420 |
| | <u>688,608</u> | <u>578,889</u> |
| NON-CURRENT | | |
| Provision for employee benefits: long service leave | 209,544 | 206,380 |
| | <u>209,544</u> | <u>206,380</u> |
| | <u>898,152</u> | <u>785,269</u> |

LIFEBRIDGE AUSTRALIA LIMITED

ABN 35 023 657 150

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 10: PROVISIONS

| | Employee Benefits | Total |
|--|-------------------|-----------|
| | \$ | \$ |
| Analysis of total provisions: | | |
| Opening balance at 1 July 2014 | 785,269 | 785,269 |
| Additional provisions raised during year | 642,336 | 642,336 |
| Amounts used | (529,453) | (529,453) |
| Balance at 30 June 2015 | 898,152 | 898,152 |

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been discussed in Note 1 to the financial statements.

NOTE 11: CAPITAL AND LEASING COMMITMENTS

| | 2015 | 2014 |
|--|---------|---------|
| | \$ | \$ |
| b. Operating Lease Commitments | | |
| Non-cancellable operating leases contracted for but not recognised in the financial statements | | |
| Payable – minimum lease payments: | | |
| – not later than 12 months | 104,000 | 101,620 |
| – later than 12 months but not later than five years | 78,000 | 235,029 |
| | 182,000 | 336,649 |

The property leased at 56 Caloola Drive, Tweed Heads has given rise to a minimum commitment of \$182,000, of which \$104,000 is due within 12 months.

LIFEBRIDGE AUSTRALIA LIMITED

ABN 35 023 657 150

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 12: EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any significant events since the end of the reporting period.

NOTE 13: KEY MANAGEMENT PERSONNEL COMPENSATION

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

The totals of remuneration paid to key management personnel (KMP) of the company during the year are as follows:

| | 2015 | 2014 |
|---------------------------------------|---------|---------|
| | \$ | \$ |
| Key management personnel compensation | 394,793 | 400,748 |

NOTE 14: OTHER RELATED PARTY TRANSACTIONS

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members.

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

During the year there were no transactions with related parties.

NOTE 15: FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, and leases.

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

| | Note | 2015 | 2014 |
|--|------|-----------|-----------|
| | | \$ | \$ |
| Financial assets | | | |
| Cash and cash equivalents | 4 | 523,843 | 1,030,770 |
| Trade and other receivables | 5 | 248,098 | 162,375 |
| Held-to-maturity investments | 6 | 3,519,116 | 2,213,952 |
| Total financial assets | | 4,291,057 | 3,407,097 |
| Financial liabilities | | | |
| Financial liabilities at amortised cost: | | | |
| – trade and other payables | 9a | 53,822 | 416,134 |
| Total financial liabilities | | 53,822 | 416,134 |

LIFEBRIDGE AUSTRALIA LIMITED

ABN 35 023 657 150

NOTE 16: CORRECTION OF MATERIAL PRIOR PERIOD ERRORS

The opening balance of retained earnings for the 2015 financial statements have been adjusted in accordance with Australian Accounting Standards for the following items:

| | | |
|----|--|------------------|
| a) | Opening balance retained earnings 1 July 2014 | 3,801,197 |
| | Adjustments | |
| | i) Accrued Expenses | (139,364) |
| | ii) Impairment of property, plant and equipment | 180,871 |
| | iii) Depreciation of property, plant and equipment | 64,612 |
| | Net Impact | 106,119 |
| | Opening balance retained earnings 1 July 2014 (restated) | <u>3,907,316</u> |

i) Accrued expenses

This relates to accrued expenses for the year ended 30 June 2014 which had not previously been brought to account in the statement of profit or loss and other comprehensive income.

ii) Impairment of property, plant and equipment

This relates to an impairment event in a prior year which had not previously been brought to account in the statement of profit or loss and other comprehensive income.

iii) Depreciation of property, plant and equipment

This relates to depreciation expense in prior years which had not previously been brought to account in the statement of profit or loss and other comprehensive income.

NOTE 17: ECONOMIC DEPENDENCE

Lifebridge Australia Ltd is dependent on State funding (ADHC) and Commonwealth funding for the majority of its revenue used to operate the business. At the date of this report the Board of Directors has no reason to believe the government departments referred to above will not continue to support Lifebridge Australia Ltd, until June 2018 for both Disability and Aged Care Services subject to the National Disability Insurance Scheme rollout.

LIFEBRIDGE AUSTRALIA LIMITED

ABN 35 023 657 150

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Lifebridge Australia Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 7 to 24, are in accordance with the Corporations Act 2001 and:
 - a. comply with Australian Accounting Standards – Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position of the company as at 30 June 2015 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.



Milena Morrow (Chair)

Dated this 28th day of October 2015

LIFEBRIDGE AUSTRALIA LIMITED

ABN 35 023 657 150

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LIFEBRIDGE AUSTRALIA LIMITED

Report on the Financial Report

We have audited the accompanying financial report Lifebridge Australia Limited (the company), which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

LIFEBRIDGE AUSTRALIA LIMITED

ABN 35 023 657 150

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LIFEBRIDGE AUSTRALIA LIMITED

Opinion

In our opinion, the financial report of Lifebridge Australia Limited is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

Name of Firm: GRANT & BRADY

A handwritten signature in dark ink, appearing to read 'Peter R. Grant', is written over a horizontal line.

Name of Partner: PETER R. GRANT

Date: 28 October 2015

Address: 107 Murwillumbah Street
MURWILLUMBAH
NSW 2484