Teloca House

GENERAL PURPOSE FINANCIAL REPORT
for the year ended 30 June 2008

"Achieving together"

Narrandera
Shire Council

Teloca House

General Purpose Financial Report
for the financial year ended 30 June 2008

Contents

Overview

(i) This Financial Report covers the operations for Teloca House.

(ii) Teloca House is a body corporate of NSW, Australia - duly empowered by the Local Government Act (LGA) 1993 of NSW.

(iii) All figures presented in this Financial Report represent Australian Currency.

(iv) This Financial Report was authorised for issue by Teloca House on 19 /08/08. Teloca House has the power to amend and reissue the financial report.

Teloca House

General Purpose Financial Report
for the financial year ended 30 June 2008

Statement by Councillors and Management
made pursuant to Section 413(2)(c) of the Local Government Act 1993 (as amended)

The attached General Purpose Financial Report has been prepared in accordance with:

- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting.

To the best of our knowledge and belief, this Report:

- presents fairly Teloca House's operating result and financial position for the year, and
- accords with Teloca House's accounting and other records.

We are not aware of any matter that would render this Report false or misleading in any way.

Signed in accordance with a resolution of Council made on 19 August, 2008.

Cr John Sullivan
MAYOR

Cr Shirley Walsh
COUNCILLOR

Mr Mark Amirtharajah
GENERAL MANAGER

Mr Martin Hiscox
RESPONSIBLE ACCOUNTING OFFICER

Teloca House

Income Statement
for the financial year ended 30 June 2008

$ '000	Notes	Actual 2008	Actual 2007
Income from Continuing Operations			
Revenue:			
User Charges & Fees	3b	566	534
Interest & Investment Revenue	3c	197	171
Other Revenues	3d	32	24
Grants & Contributions provided for Operating Purposes	3e,f	1,167	956
Grants & Contributions provided for Capital Purposes	3e,f	-	-
Other Income:			
Net gains from the disposal of assets	5	4	-
Total Income from Continuing Operations		1,966	1,685
Expenses from Continuing Operations			
Employee Benefits & On-Costs	4a	1,304	1,092
Borrowing Costs	4b	-	-
Materials & Contracts	4c	99	71
Depreciation & Amortisation	4d	116	105
Impairment	4d	37	-
Other Expenses	4e	394	330
Interest & Investment Losses	3c	-	-
Net Losses from the Disposal of Assets	5	-	3
Total Expenses from Continuing Operations		1,950	1,601
Operating Result from Continuing Operations		**16**	**84**
Net Operating Result for the Year		16	84
Net Operating Result attributable to Council		16	84
Net Operating Result attributable to Minority Interests		-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		16	84

Teloca House

Balance Sheet
as at 30 June 2008

$ '000	Notes	Actual 2008	Actual 2007
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	1,947	2,891
Investments	6b	906	-
Receivables	7	35	25
Inventories	8	-	-
Other	8	-	-
Total Current Assets		**2,888**	**2,916**
Non-Current Assets			
Investments	6b	-	-
Receivables	7	-	-
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	4,543	2,767
Investment Property	14	-	-
Total Non-Current Assets		**4,543**	**2,767**
TOTAL ASSETS		7,431	5,683
LIABILITIES			
Current Liabilities			
Payables	10	1,208	1,346
Borrowings	10	-	-
Provisions	10	133	111
Total Current Liabilities		**1,341**	**1,457**
Non-Current Liabilities			
Payables	10	-	-
Interest Bearing Liabilities	10	-	-
Provisions	10	32	34
Investments Accounted for using the equity method	19	-	-
Liabilities associated with assets classified as "held for sale"	22	-	-
Total Non-Current Liabilities		**32**	**34**
TOTAL LIABILITIES		1,373	1,491
Net Assets		6,058	4,192
EQUITY			
Retained Earnings	20	4,208	4,192
Revaluation Reserves	20	1,850	-
Council Equity Interest		6,058	4,192
Minority Equity Interest		-	-
Total Equity		6,058	4,192

This report should be read in conjunction with the accompanying Notes.

Teloca House

Statement of Changes in Equity
for the financial year ended 30 June 2008

$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
2008						
Opening Balance (as per Last Year's Audited Accounts)		4,324	-	**4,324**	-	**4,324**
a. Correction of Prior Period Errors	20 (c)	(132)		**(132)**		**(132)**
b. Changes in Accounting Policies (prior year effects)	20 (d)	-		**-**		**-**
Revised Opening Balance (as at 1/7/07)		**4,192**	**-**	**4,192**	**-**	**4,192**
c. Current Year Income & Expenses Recognised direct to Equity						
- Transfers to/(from) Asset Revaluation Reserve	20b (ii)		1,850	**1,850**		**1,850**
- Transfers to/(from) Other Reserves	20b (ii)		-	**-**		**-**
- Other Income/Expenses recognised	20b (ii)	-	-	**-**		**-**
- Other Adjustments	20b (ii)	-		**-**		**-**
Net Income Recognised Directly in Equity		**-**	**1,850**	**1,850**	**-**	**1,850**
d. Net Operating Result for the Year		**16**		**16**	**-**	**16**
Total Recognised Income & Expenses (c&d)		**16**	**1,850**	**1,866**	**-**	**1,866**
e. Distributions to/(Contributions from) Minority Interests				**-**	-	**-**
f. Transfers between Equity		-	-	**-**	-	**-**
Equity - Balance at end of the reporting period		**4,208**	**1,850**	**6,058**	**-**	**6,058**

$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
2007						
Opening Balance (as per Last Year's Audited Accounts)		4,240	-	**4,240**	-	**4,240**
a. Correction of Prior Period Errors	20 (c)	(132)	-	**(132)**	-	**(132)**
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	**-**	-	**-**
Revised Opening Balance (as at 1/7/06)		**4,108**	**-**	**4,108**	**-**	**4,108**
c. Current Year Income & Expenses Recognised direct to Equity						
- Transfers to/(from) Asset Revaluation Reserve	20b (ii)	-	-	**-**	-	**-**
- Transfers to/(from) Other Reserves	20b (ii)	-	-	**-**	-	**-**
- Other Income/Expenses recognised	20b (ii)	-	-	**-**	-	**-**
- Other Adjustments	20b (ii)	-	-	**-**	-	**-**
Net Income Recognised Directly in Equity		**-**	**-**	**-**	**-**	**-**
d. Net Operating Result for the Year		84	-	**84**	-	**84**
Total Recognised Income & Expenses (c&d)		**84**	**-**	**84**	**-**	**84**
e. Distributions to/(Contributions from) Minority Interests				**-**	-	**-**
f. Transfers between Equity		-	-	**-**	-	**-**
Equity - Balance at end of the reporting period		**4,192**	**-**	**4,192**	**-**	**4,192**

Teloca House

Cash Flow Statement
for the financial year ended 30 June 2008

	$ '000	Notes	Actual 2008	Actual 2007
	Cash Flows from Operating Activities			
	Receipts:			
	User Charges & Fees		556	530
	Interest & Investment Revenue Received		176	178
	Grants & Contributions		1,175	954
	Other		41	51
	Payments:			
	Employee Benefits & On-Costs		(1,284)	(1,075)
	Materials & Contracts		(132)	(298)
	Borrowing Costs		-	-
	Other		(495)	(356)
-	**Net Cash provided (or used in) Operating Activities**	11b	37	(16)
	Cash Flows from Investing Activities			
	Receipts:			
	Sale of Infrastructure, Property, Plant & Equipment		63	24
	Payments:			
	Purchase of Investment Securities		(906)	-
	Purchase of Infrastructure, Property, Plant & Equipment		(138)	(133)
-	**Net Cash provided (or used in) Investing Activities**		(981)	(109)
	Cash Flows from Financing Activities			
	Receipts:			
	Nil			
	Payments:			
	Repayment of Retirement Home Contributions			(156)
-	**Net Cash Flow provided (used in) Financing Activities**		-	(156)
-	**Net Increase/(Decrease) in Cash & Cash Equivalents**		(944)	(281)
	plus: **Cash & Cash Equivalents - beginning of year**	11a	2,891	3,172
-	**Cash & Cash Equivalents - end of the year**	11a	1,947	2,891

Please refer to Note 11 for information on the following:
- Non Cash Financing & Investing Activities.
- Financing Arrangements.
- Net cash flow disclosures relating to any Discontinued Operations

Teloca House

Notes to the Financial Statements
for the financial year ended 30 June 2008

Contents of the Notes accompanying the Financial Statements

Teloca House

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Teloca House in the preparation of this financial report are set out below in order to assist in its general understanding.

Under Australian Equivalents to International Financial Reporting Standards (AIFRS), accounting policies are defined as those specific principles, bases, conventions, rules and practices applied by a reporting entity (in this case Teloca House) in preparing and presenting it's financial reports.

(a) Basis of preparation

(i) Background

This financial report is a general purpose financial report which has been prepared in accordance with;

- applicable Australian equivalents to International Financial Reporting Standards (AIFRSs),
- other authoritative pronouncements of the Australian Accounting Standards Board,
- Urgent Issues Group Interpretations,

(ii) Compliance with International Financial Reporting Standards (IFRSs)

Australian Accounting Standards (AASB's) include Australian equivalents to International Financial Reporting Standards (IFRS's).

Because AASB's are sector neutral, some standards either **(i)** have local Australian content and prescription that is specific to the Not-For-Profit sector which are not in compliance with IFRS's or **(ii)** specifically exclude application by Not for Profit entities.

Examples include;

- Excluding Not-For-Profit from applying AASB 120 (IAS 20) for Grant Accounting and AASB 118 (IAS 18) for Segment Reporting, &
- different requirements on (a) Impairment of Assets relating to Not-For-Profit AASB 136 (IAS 36) and (b) IAS 116 (IAS 16) regarding accounting for the Revaluation of Assets.

Accordingly in preparing this Financial Report and Accompanying Notes, Teloca House has been unable to comply fully with International Accounting Standards, but has complied fully with Australian Accounting Standards.

(iii) Basis of Accounting

These financial statements have been prepared on an **historical cost basis** except where specifically indicated in these notes.

The accrual basis of accounting has also been applied in their preparation.

(iv) Changes in Accounting Policies

Teloca House's accounting policies have been consistently applied to all the years presented, unless otherwise stated.

Unless otherwise stated, there have also been no changes in accounting policies when compared with previous financial reports.

(v) Critical Accounting Estimates

The preparation of this financial report (and financial statements) in conformity with AIFRS requires the use of certain critical accounting estimates.

It also requires management to exercise its judgement in the process of applying Teloca House's accounting policies.

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is measured on major income categories as follows:

Grants and Contributions

Grants and contributions are recognised as revenues when Teloca House obtains control over the assets comprising these receipts.

Income from Contributions is recognised when Teloca House either obtains control of the contribution or the right to receive it, and **(i)** it is probable that the economic benefits comprising the

Teloca House

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

contribution will flow to Teloca House and **(ii)** the amount of the contribution can be measured reliably.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3(g).

Note 3(g) also discloses the amount of unused grant or contribution from prior years that was expended on Teloca House's operations during the current year.

User Charges, Fees and Other Income

User charges, fees and other income are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

A provision for doubtful debt is recognised when collection in full is no longer probable.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided as at balance date.

Sale of Infrastructure, Property, Plant and Equipment

The profit or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer.

Interest and Rents

Rents are recognised as revenue on a proportional basis when the payment is due, the value of the payment is notified, or the payment is received, whichever first occurs.

(c) Cash and Cash Equivalents

Cash and cash equivalents includes;

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

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(d) Investments and Other Financial Assets

Teloca House (in accordance with AASB 139) classifies each of its investments into one of the following categories for measurement purposes:

- **financial assets at fair value through profit or loss**,
- **loans and receivables**,
- **held-to-maturity investments**, and
- **available-for-sale financial assets**.

Each classification depends on the purpose/intention for which the investment was acquired.

Management determines each Investment classification at the time of initial recognition and re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading.

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

Derivatives are classified as held for trading unless they are designated as hedges.

Assets in this category are classified as current assets as they are primarily held for trading &/or are expected to be realised within 12 months of the balance sheet date.

Teloca House

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

(ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They arise when the Teloca House provides money, goods or services directly to a debtor with no intention (or in some cases ability) of selling the resulting receivable.

They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Teloca House management has the positive intention and ability to hold to maturity.

In contrast to the "Loans & Receivables" classification, these investments are generally quoted in an active market.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Accordingly, this classification principally comprises marketable equity securities.

They are generally included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date or the term to maturity from the reporting date is less than 12 months.

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

Investments are initially recognised (and measured) at fair value, plus in the case of investments not at "fair value through profit or loss", directly attributable transactions costs

Purchases and sales of investments are recognised on trade-date - the date on which Teloca House commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Teloca House has transferred substantially all the risks and rewards of ownership.

(ii) Subsequent Measurement

Available-for-sale financial assets and **financial assets at fair value through profit and loss** are subsequently carried at fair value.

Loans and receivables and **held-to-maturity** investments are carried at amortised cost using the effective interest method.

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(e) Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

Receivables are generally due for settlement no more than 30 days from the date of recognition.

The collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

Teloca House

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

(f) Property, plant and Equipment (PP&E)

Acquisition of assets

Teloca House's non current assets are revalued to fair value.

At balance date, the following classes of PP&E were stated at their Fair Value;

- **Operational Land** (External Valuation)
- **Buildings – Specialised/Non Specialised** (External Valuation)
- **Plant and Equipment** (as approximated by depreciated historical cost)

Initial Recognition

On initial recognition, an assets cost is measured at its fair value, plus all expenditure that is directly attributable to the acquisition.

Subsequent costs

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 Teloca House and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Asset Revaluations

In accounting for Asset Revaluations relating to Property, Plant & Equipment:

- Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve.
- To the extent that the increase reverses a decrease previously recognising profit or loss, the increase is first recognised in profit or loss.
- Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income statement.

Capitalisation Thresholds

Items of infrastructure, property, plant and equipment are not capitalised unless their cost of acquisition exceeds the following;

Land	
- land	100% Capitalised
Plant & Equipment	
Office Furniture	> $1,000
Office Equipment	> $1,000
Building	
- construction/extensions	> $5,000

Depreciation

Depreciation on Teloca House's property, plant and equipment assets is calculated using the straight line method in order to allocate an assets cost (net of their residual values) over its estimated useful life.

Land is not depreciated.

The range of estimated useful lives for Teloca House's assets include:

Plant & Equipment	
- Office Equipment	3 to 8 years
- Office furniture	3 to 8 years
- Computer Equipment	5 years
- Vehicles	3 to 5 years
Other Equipment	
- Playground equipment	5 to 15 years
- Benches, seats etc	10 to 20 years
Buildings	
- Buildings	20 to 70 years

Disposal and De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Teloca House

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Teloca House's Income Statement in the year the asset is derecognised.

(g) Crown Reserves

Crown Reserves under Teloca House's care and control are recognised as assets of the Teloca House.

While ownership of the reserves remains with the Crown, Teloca House retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

Improvements on Crown Reserves are also recorded as assets, while maintenance costs incurred by Teloca House and revenues relating the reserves are recognised within Teloca House's Income Statement.

(h) Payables

These amounts represent liabilities and include goods and services provided to the Teloca House prior to the end of financial year which are unpaid.

The amounts for goods and services are unsecured and are usually paid within 30 days of recognition.

(i) Borrowings

Resident Loans
Teloca House receives non interest bearing loans from residents that meet the necessary financial criteria. These loans are measured at their face value (that is principal amount) less accrued retention amounts payable to Teloca House due to:

- Repayment on demand nature
- The aspect that the revenue in advance component is not required to be discounted.

(j) Employee benefits

(i) Wages & salaries, annual leave and sick leave

Liabilities for wages and salaries (including non-monetary benefits), and annual leave are recognised in the provision for employee benefits in respect of employees' services up to the reporting date.

These provisions are measured at the amounts expected to be paid when the liabilities are settled.

Calculations therefore incorporate (where the leave is expected to be paid more than 12 months after the reporting date) the use of discounted cash flows.

Liabilities for non vesting sick leave are recognised at the time when the leave is taken and measured at the rates paid or payable, and accordingly no Liability has been recognised in these reports.

Wages & salaries and annual leave are classified as Current Liabilities.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits in respect of services provided by employees up to the reporting date.

Long Service Leave is measured at the present value of the expected future payments to be made using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows.

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 10 or more years of service has been classified as Current, as it has been deemed that Teloca House does not have the unconditional right to defer settlement beyond 12 months – even though it is not anticipated that all employees with more than 10 years service (as at reporting date) will

Teloca House

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

apply for and take their leave entitlements in the next 12 months.

(iii) Retirement benefit obligations

All employees of the Teloca House are entitled to benefits on retirement, disability or death.

Teloca House makes employer superannuation contributions in respect of its employees to the HESTA superannuation fund.

This accumulation fund receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings in accordance with Superannuation Guarantee legislation (9% in 2007/8: 9% in 2008/9). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the fund.

(iv) Employee Benefit On-Costs

Teloca House has recognised at year end the aggregate on-cost liabilities arising from employee benefits, and in particular those arising from the payment of employee benefits in future periods – including Superannuation and Workers Compensation expenses which will be payable upon the future payment of some Leave Liabilities accrued as at 30/6/08.

(k) Self insurance

Teloca House has determined not to self insure.

(l) Allocation between current and non-current

In the determination of whether an asset or liability is classified as current or non-current, consideration is given to the time when each asset or liability is expected to be settled.

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being Teloca House's operational cycle.

Exceptions

In the case of liabilities where Teloca House does not have the unconditional right to defer settlement beyond 12 months (such as vested long service leave), the liability is classified as current even if not expected to be settled within the next 12 months.

(aa). Taxes

Teloca House is exempt from both Commonwealth Income Tax and Capital Gains Tax.

Teloca House does however have to comply with both Fringe Benefits Tax and Goods and Services Tax (GST).

Goods & Services Tax (GST)

Income, expenses and assets are all recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax 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 within the Balance Sheet are stated inclusive of any applicable GST.
The net amount of GST recoverable from or payable to the ATO is included as a current asset or current liability in the Balance Sheet.

Operating cash flows within the Statement of Cash Flows are on a gross basis, ie. they are inclusive of GST where applicable.

Investing and Financing cash flows are treated on a net basis (where recoverable from the ATO), ie. they are exclusive of GST.

Accordingly, the GST component of investing and financing activity cash flows which are recoverable from or payable to the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Teloca House

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

(ab) New accounting standards and UIG interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2008.

Teloca House's assessment of the impact of these new standards and interpretations is set out below.

- Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101

- AASB 1004 Contributions (revised),

  AASB 1004 requires contributions made to Teloca House to be recognised at fair value when they are controlled and to be appropriately disclosed.

  Teloca House already accounts for contributions in this manner so there will be no additional impact on the financial statements.

Applicable but no implications for Teloca House;

- Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]

- AASB-I 12 Service Concession Arrangements, AASB 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 12, revised UIG 4 Determining whether an Arrangement contains a Lease and revised UIG 129 Service Concession Arrangements: Disclosures

- ASB-I 13 Customer Loyalty Programmes

- AASB-I 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Not applicable to Teloca House per se;

- AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8

- AASB 1049 Whole of Government and General Government Sector Financial Reporting

- AASB 1050 Administered Items

- Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities (revised)

Teloca House has not adopted any of these standards early.

(ac) Rounding of amounts

Unless otherwise indicated, amounts in the financial report have been rounded off to the nearest thousand dollars.

(ad). Comparative Figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within this Financial Report and/or the Notes.

(ae). Disclaimer

Nothing contained within this report may be taken to be an admission of any liability to any person under any circumstance.

Teloca House

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 2. Functions / Activities - Financial Disclosures

$ '000 Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
		Actual 2008	Actual 2007		**Actual 2008**	Actual 2007		**Actual 2008**	Actual 2007	**Actual 2008**	Actual 2007	**Actual 2008**	Actual 2007
Governance		-	-		-	-	-	-	-	-	-	-	-
Administration		-	-		-	-	-	-	-				
Public Order & Safety		-	-		-	-	-	-	-				
Health		-	-		-	-	-	-	-				
Community Services & Education		1,966	1,685		1,950	1,601	-	16	84	1,124	911	7,431	5,683
Housing & Community Amenities		-	-		-	-	-	-	-				
Water Supplies		-	-		-	-	-	-	-				
Sewerage Services		-	-		-	-	-	-	-				
Recreation & Culture		-	-		-	-	-	-	-				
Fuel & Energy		-	-		-	-	-	-	-				
Mining, Manufacturing & Construction		-	-		-	-	-	-	-				
Transport & Communication		-	-		-	-	-	-	-				
Economic Affairs		-	-		-	-	-	-	-				
Total Functions & Activities	**-**	**1,966**	**1,685**	**-**	**1,950**	**1,601**	**-**	**16**	**84**	**1,124**	**911**	**7,431**	**5,683**
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)		-	-		-	-	-	-	-			-	-
General Purpose Income [1]		-	-			-	-	-	-	-	-		-
Operating Result from Continuing Operations	**-**	**1,966**	**1,685**	**-**	**1,950**	**1,601**	**-**	**16**	**84**	**1,124**	**911**	**7,431**	**5,683**

Teloca House

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 3. Income from Continuing Operations

$ '000	Notes	Actual 2008	Actual 2007
Fees & Charges			
Resident Rents		548	509
Respite Rents		18	25
Total Fees & Charges - Other		**566**	**534**
TOTAL USER CHARGES & FEES		566	534
Interest & Investment Revenue (incl. losses)			
Interest earned on Investments (interest & coupon payment income)		197	171
Other			-
TOTAL INTEREST & INVESTMENT REVENUE		197	171
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Teloca House Aged Care Hostel		197	171
Total Interest & Investment Revenue Recognised		**197**	**171**
Other Revenues			
Meals		15	14
Other		17	10
TOTAL OTHER REVENUE		32	24

Teloca House

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 3. Income from Continuing Operations (continued)

$ '000	2008 Operating	2007 Operating	2008 Capital	2007 Capital
Grants				
Skillshare Grant	5	7		-
Personal Care Subsidy	822	639		-
Pensioner Supplement	164	107		-
Respite Care Subsidy	22	64		-
Concessional Rent	91	94		-
CES Jobstart	20	-		-
Total Specific Purpose	**1,124**	**911**	**-**	**-**
Total Grants	1,124	911	-	-
Grant Revenue is attributable to:				
- Commonwealth Funding	1,119	904		-
- State Funding	5	7		-
- Other Funding	-	-	-	-
	1,124	**911**	**-**	**-**
Other Contributions:				
Entry Retentions	43	45		-
Total Other Contributions	**43**	**45**	**-**	**-**
Total Contributions	43	45	-	-
TOTAL GRANTS & CONTRIBUTIONS	1,167	956	-	-

Teloca House

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 3. Income from Continuing Operations (continued)

$ '000	Actual 2008	Actual 2007
Restrictions relating to Grants and Contributions		
Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the Close of the Previous Reporting Period	-	-
add: Grants and contributions recognised in the current period which have not been spent:		-
less: Grants an contributions recognised in a previous reporting period which have been spent in the current reporting period:		-
Net Increase (Decrease) in Restricted Assets during the Current Reporting Period	-	-
Unexpended at the Close of this Reporting Period and held as Restricted Assets	-	-
Comprising:		
- Specific Purpose Unexpended Grants	-	-
	-	-

Teloca House

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 4. Expenses from Continuing Operations

$ '000	Notes	Actual 2008	Actual 2007
(a) Employee Benefits & On-Costs			
Salaries and Wages		962	820
Employee Leave Entitlements (ELE)		160	123
Superannuation - Defined Contribution Plans		94	80
Workers' Compensation Insurance		70	52
Training Costs (other than Salaries & Wages)		18	17
Total Employee Costs		**1,304**	**1,092**
less: Capitalised Costs			-
TOTAL EMPLOYEE COSTS EXPENSED		1,304	1,092
Number of "Equivalent Full Time" Employees at year end		**25**	**19**
Number of "Equivalent Full Time" Employees at year end (incl. vacancies)			**-**
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Nil			
Total Interest Bearing Liability Costs		**-**	**-**
less: Capitalised Costs			-
Total Interest Bearing Liability Costs Expensed		**-**	**-**
(ii) Other Borrowing Costs			
Nil			
Total Other Borrowing Costs		**-**	**-**
TOTAL BORROWING COSTS EXPENSED		-	-
(c) Materials & Contracts			
Raw Materials & Consumables		59	42
Contractor & Consultancy Costs			-
- Narrandera Shire Council		37	23
Auditors Remuneration			
- Council's Auditor:			
i. Audit Services		3	6
Total Materials & Contracts		**99**	**71**
less: Capitalised Costs			-
TOTAL MATERIALS & CONTRACTS		99	71

Teloca House

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 4. Expenses from Continuing Operations (continued)

$ '000	Depreciation/Amortisation Actual 2008	Depreciation/Amortisation Actual 2007	Impairment Costs Actual 2008	Impairment Costs Actual 2007
(d) Depreciation, Amortisation & Impairment				
Plant and Equipment	26	25	4	-
Office Equipment	11	5	-	-
Furniture & Fittings	16	13	33	-
Buildings - Specialised	56	56		-
Other Structures	7	6		-
Total Depreciation & Impairment Costs	**116**	**105**	**37**	**-**
less: Capitalised Costs		-		-
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED	116	105	37	-

(e) Other Expenses

$ '000	Notes	Actual 2008	Actual 2007
Other Expenses for the year include the following:			
Building Maintenance		44	31
Catering Supplies and Kitchen Expenses		124	109
Cleaning Materials		12	8
Computer Software Charges			21
Electricity & Heating		67	54
Furniture & Fittings Maintenance		13	6
Grounds Maintenance		13	6
Insurances		16	14
Laundry Contract		19	18
Office Expenses (including computer expenses)		14	8
Pharmacy		24	21
Plant & Equipment Maintenance		30	15
Printing & Stationery		9	5
Telephone & Communications		7	4
Other - (specify if material)		2	10
Total Other Expenses		**394**	**330**
less: Capitalised Costs			-
TOTAL OTHER EXPENSES		394	330

Teloca House

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 5. Gains or Losses on Disposal of Assets

$ '000	Notes	Actual 2008	Actual 2007
Property (excl. Investment Property)			
Proceeds from Disposal			-
less: Carrying Amount of Property Assets Sold			-
Net Gain/(Loss) on Disposal		**-**	**-**
Plant & Equipment			
Proceeds from Disposal		63	24
less: Carrying Amount of P&E Assets Sold		(59)	(27)
Net Gain/(Loss) on Disposal		**4**	**(3)**
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		4	(3)

Teloca House

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 6a. - Cash Assets and Note 6b. - Investment Securities

$ '000		2008 Actual Current	2008 Actual Non Current	2007 Actual Current	2007 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		143		207	-
Cash-Equivalent Assets[1]					
- Deposits at Call		161		2,684	-
- Short Term Deposits		1,643		-	-
Total Cash & Cash Equivalents		**1,947**	**-**	**2,891**	**-**
Investment Securities (Note 6b)					
- Long Term Deposits		906	-	-	-
Total Investment Securities		**906**	**-**	**-**	**-**
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		2,853	-	2,891	-

[1] Those Investments where time to maturity (from date of purchase) is < 3 mths.

Cash, Cash Equivalents & Investments were classified at year end in accordance with AASB 139 as follows:

		2008 Actual Current	2008 Actual Non Current	2007 Actual Current	2007 Actual Non Current
Cash & Cash Equivalents					
a. "At Fair Value through the Profit & Loss"		**1,947**	**-**	**2,891**	**-**
Investments					
Nil					
a. "At Fair Value through the Profit & Loss"					
- "Held for Trading"	6(b-i)			-	-
- "Designated At Fair Value on Initial Recognition"	6(b-i)			-	-
b. "Held to Maturity"	6(b-ii)	906	-	-	-
c. "Loans & Receivables"	6(b-iii)			-	-
d. "Available for Sale"	6(b-iv)			-	-
Investments		**906**	**-**	**-**	**-**

Teloca House

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 6b. Investments (continued)

$ '000	2008 Actual Current	2008 Actual Non Current	2007 Actual Current	2007 Actual Non Current
Note 6(b-i)				
Reconciliation of Investments classified as "At Fair Value through the Profit & Loss"				
Nil				
Balance at End of Year	**-**	**-**	**-**	**-**
Note 6(b-ii)				
Reconciliation of Investments classified as "Held to Maturity"				
Balance at the Beginning of the Year	-	-	-	-
Adjustment on adoption of AASB 132/139	-	-	-	-
Amortisation of Premiums & Discounts	-		-	-
Additions	906	-	-	-
Balance at End of Year	**906**	**-**	**-**	**-**
Comprising:				
- Other Long Term Maturity Financial Assets	906	-	-	-
Total	**906**	**-**	**-**	**-**

Note 6(b-iii)
Reconciliation of Investments classified as "Loans & Receivables"
Nil

Note 6(b-iv)
Reconciliation of Investments classified as "Available for Sale"
Nil

Teloca House

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 6c. Restricted Cash, Cash Equivalents & Investments

$ '000	2008 Actual Current	2008 Actual Non Current	2007 Actual Current	2007 Actual Non Current
Total Cash, Cash Equivalents and Investment Securities	2,853	-	2,891	-
attributable to:				
External Restrictions (refer below)	1,179	-	1,280	-
Internal Restrictions (refer below)	871	-	850	-
Unrestricted	803	-	761	-
	2,853	**-**	**2,891**	**-**

2008 $ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Details of Restrictions				
External Restrictions - Included in Liabilities				
Nil				
External Restrictions - Other				
Teloca House (Advances)	1,280		(101)	1,179
External Restrictions - Other	1,280	-	(101)	1,179
Total External Restrictions	**1,280**	**-**	**(101)**	**1,179**
Internal Restrictions				
Employees Leave Entitlement	106	5		111
Construction of Buildings	744	16		760
Total Internal Restrictions	**850**	**21**	**-**	**871**
TOTAL RESTRICTIONS	2,130	21	(101)	2,050

Teloca House

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 7. Receivables

	2008		2007	
$ '000	**Current**	**Non Current**	**Current**	**Non Current**
Purpose				
User Charges & Fees	14		8	-
Accrued Revenues				
- Interest on Investments	21		-	-
- Other Income Accruals			9	-
Government Grants & Subsidies			8	-
Total	**35**	**-**	**25**	**-**
less: Provision for Impairment				
Nil				
Total Provision for Impairment - Receivables	**-**	**-**	**-**	**-**
TOTAL NET RECEIVABLES	35	-	25	-
Externally Restricted Receivables				
Nil				
Total External Restrictions	**-**	**-**	**-**	**-**
Internally Restricted Receivables			**-**	**-**
Unrestricted Receivables	**35**	**-**	**25**	**-**
TOTAL NET RECEIVABLES	35	-	25	-

Teloca House

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 8. Inventories & Other Assets

$ '000	2008 Current	2008 Non Current	2007 Current	2007 Non Current
Inventories				
Other			-	-
Total Inventories	-	-	-	-
Other Assets				
Other			-	-
Total Other Assets	-	-	-	-
TOTAL INVENTORIES & OTHER ASSETS	-	-	-	-
Total Externally Restricted Assets	-	-	-	-
Total Internally Restricted Assets			-	-
Total Unrestricted Assets	-	-	-	-
TOTAL INVENTORIES & OTHER ASSETS	-	-	-	-

Teloca House

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 9a. Property, Plant & Equipment

$ '000	as at 30/6/2007					Asset Movements during the Reporting Period						as at 30/6/2008				
	At Cost	At Fair Value	Accumulated Deprec.	Accumulated Impairment	Carrying Value	Asset Additions	WDV-Asset Disposals	Depreciation Expense	Impairment - Loss to P/L	Adjustments & Transfers (1)	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated Dep'n	Accumulated Impairment	Carrying Value
Plant & Equipment	417	-	98	-	319	82	(59)	(31)	(4)	(228)			102	23		79
Office Equipment	55	-	42	-	13	17		(7)	(1)	-			36	14		22
Furniture & Fittings	220	-	119	-	101	26		(16)	(33)	(18)			73	13		60
Land:																
- Operational	65	-	-	-	65						175		240			240
Buildings - Specialised	2,814	-	637	-	2,177	14		(56)	-	246	1,675		5,280	1,224		4,056
Other Structures	140	-	48	-	92			(6)	-	-			139	53		86
PROPERTY, PLANT & EQUIP.	**3,711**	**-**	**944**	**-**	**2,767**	**139**	**(59)**	**(116)**	**(38)**	**-**	**1,850**	**-**	**5,870**	**1,327**	**-**	**4,543**

(1) Teloca House reclassified certain assets in the current year

Teloca House

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 9b. Property, Plant & Equipment that is Externally Restricted

Nil

Note 9c. Property, Plant & Equipment Gains/(Losses) arising from the Impairment of Assets

$ '000	Notes	Actual 2008	Actual 2007
(i) Impairment Losses recognised in the Statement of Financial Performance include:			
- Plant & Equipment		(4)	-
- Office Equipment		(1)	-
- Furniture & Fittings		(33)	-
Total Impairment Losses		**(38)**	**-**
(ii) Reversals of Impairment Losses previously recognised in the Statement of Financial Performance include:			
Total Impairment Reversals		**-**	**-**
IMPAIRMENT of ASSETS - GAINS/(LOSSES)		(38)	-

NB. Impairment Adjustments relating to other assets may have been recognised direct to Equity - refer Note 20 (ii).

Teloca House

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 10a. Payables, Borrowings & Provisions

$ '000	Notes	2008 Current	2008 Non Current	2007 Current	2007 Non Current
Payables					
Goods & Services - Operating		20		53	-
Accrued Expenses;					
- Other Expenditure Accruals				1	-
Advances - Teloca Aged Care Hostel		7		11	-
Retirement Home Contributions		1,179		1,279	-
Other		2		2	-
Total Payables		**1,208**	**-**	**1,346**	**-**
Borrowings					
Nil					
Total Interest Bearing Liabilities		**-**	**-**	**-**	**-**
Provisions					
Employee Benefits;					
Annual Leave		111		102	-
Long Service Leave		22	32	9	34
Gratuities				-	-
RDO Suspense				-	-
Other Leave				-	-
ELE On-Costs				-	-
Sub Total - Aggregate Employee Benefits		**133**	**32**	**111**	**34**
Other				-	-
Total Provisions		**133**	**32**	**111**	**34**
Total Payables, Interest Bearing Liabilities & Provisions		1,341	32	1,457	34

(i) Liabilities relating to Restricted Assets

	2008 Current	2008 Non Current	2007 Current	2007 Non Current
Externally Restricted Assets				
Retirement Home Contributions	1,179		1,279	-
Liabilities relating to externally restricted assets	1,179	-	1,279	-
Internally Restricted Assets				
Nil				
Liabilities relating to internally restricted assets	-	-	-	-
Total Liabilities relating to restricted assets	**1,179**	**-**	**1,279**	**-**

Disclosures on Liability Interest Rate Risk Exposures, Fair Value Disclosures & Security can be found in Note 15.

Teloca House

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 10a. Payables, Interest Bearing Liabilities & Provisions (continued)

$ '000

(ii) Current Liabilities not anticipated to be settled within the next 12 months

The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.	2008	2007
Provisions - Employees Benefits	22	-
	22	**-**

Note 10b. Description of and movements in Provisions

	2007	2008				
Class of Provision	**Opening Balance as at 1/7/07**	**Additional Provisions**	**Decrease due to Payments**	**Remeasurement effects due to Discounting**	**Unused amounts reversed**	**Closing Balance as at 30/6/08**
Annual Leave	102	9				**111**
Long Service Leave	43	11				**54**
TOTAL	**145**	**20**	**-**	**-**	**-**	**165**

a. Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.

Teloca House

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 11. Cash Flow Statement - Additional Information

$ '000	Notes	Actual 2008	Actual 2007
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	1,947	2,891
Less Bank Overdraft	10	-	-
BALANCES as per STATEMENT of CASH FLOWS		**1,947**	**2,891**
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		**16**	**84**
Adjust for non cash items:			
Depreciation & Amortisation		116	105
Recognition of Impairment Losses - PP&E		37	-
Net Losses/(Gains) on Disposal of Assets		(4)	3
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(10)	(3)
Increase/(Decrease) in Payables		(33)	(220)
Increase/(Decrease) in other accrued Expenses Payable		(1)	-
Increase/(Decrease) in Other Current Liabilities		(104)	-
Increase/(Decrease) in Employee Leave Entitlements		20	19
Increase/(Decrease) in Other Provisions		-	(4)
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from CASH FLOW STATEMENT		**37**	**(16)**

(c) Non-Cash Investing & Financing Activities
Nil

(d) Financing Arrangements

(i) Unrestricted access was available at balance date to the following lines of credit:			
Total Financing Arrangements		**-**	**-**
Amounts utilised as at Balance Date:			
Total Financing Arrangements Utilised		**-**	**-**

(e) Net Cash Flows Attributable to Discontinued Operations

Teloca House

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 12. Commitments for Expenditure

$ '000	Notes	Actual 2008	Actual 2007

(a) Capital Commitments (exclusive of GST)

Nil

(b) Other Expenditure Commitments (exclusive of GST)
Nil

(c) Finance Lease Commitments

Nil

(d) Operating Lease Commitments (Non Cancellable)

Nil

(e) Investment Property Commitments

Nil

(g) Investment in Associates / Joint Ventures - Commitments

Teloca House

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 13. Statement of Performance Measurement

$ '000	Amounts 2008	Indicator 2008	Prior Periods 2007	Prior Periods 2006
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions [1]	1,709	12.21 : 1	9.14:1	4.25:1
Current Liabilities less Specific Purpose Liabilities [2,3]	140			
2. Debt Service Ratio				
Debt Service Cost	-	0.00%	0.00%	0.00%
Revenue from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	799			

Notes

[1] Refer Notes 6-8 inclusive.
Also excludes any Real Estate & Land for resale not expected to be sold in the next 12 months

[2] Refer to Note 10(a).

[3] Refer to Note 10(c) - excludes all ELE not expected to be paid in the next 12 months.

Teloca House

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 14. Investment Properties

$ '000	Actual 2008	Actual 2007

Teloca House has not classified any Land or Buildings as "Investment Properties"

Teloca House

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 15. Financial Risk Management

$ '000

Risk Management

Teloca House's activities expose it to a variety of financial risks including **(i)** price risk, **(ii)** credit risk, **(iii)** liquidity risk and **(iv)** interest rate risk.

Teloca House's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of Teloca House.

Teloca House does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

A comparison by category of the carrying amounts and fair values of Teloca House's Financial Assets & Financial Liabilities recognised in the financial statements is presented below.

	Carrying Value		Fair Value	
	2008	2007	2008	2007
Financial Assets				
Cash and Cash Equivalents	1,947	2,891	1,947	2,891
Investments				
- "Held for Trading"	-	-		-
- "Designated At Fair Value on Initial Recognition"	-	-		-
- "Held to Maturity"	906	-	906	-
- "Loans & Receivables"	-	-		-
- "Available for Sale"	-	-		-
Receivables	35	25	35	25
Other Financial Assets	-	-		-
Total Financial Assets	**2,888**	2,916	**2,888**	2,916
Financial Liabilities				
Bank Overdraft	-	-		-
Payables	1,208	1,346	1,208	1,346
Loans / Advances	-	-		-
Lease Liabilities	-	-		-
Other Financial Liabilities		-		
Total Financial Liabilities	**1,208**	1,346	**1,208**	1,346

Fair Value is determined as follows:

- **Cash & Cash Equivalents**, **Receivables**, **Payables** - are estimated to be the carrying value which approximates mkt value.

interest rates applicable to assets & liabilities with similar risk profiles, unless quoted market prices are available.

- Financial Assets classified (i) **"at far value through profit & loss"** or (ii) **Available for Sale** - are based upon quoted market prices at the reporting date or independent valuation.

Teloca House

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 15. Financial Risk Management (continued)

$ '000

(a) Cash & Cash Equivalents, Financial assets "at fair value through the profit & Loss", "Available-for-sale" financial assets & "Held-to-maturity" Investments

Teloca House's objective is to maximise its return on cash & investments whilst maintaining an adequate level of liquidity and preserving capital.

The major risk associated with Investments is price risk - the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.

Cash & Investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns and income.

A further risk associated with Cash & Investments is credit risk - the risk that the counterparty (to an investment) will not complete their obligations particular to a financial instrument, resulting in a financial loss to Teloca House - be it of a capital or income nature.

Teloca House manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

Teloca House

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 15. Financial Risk Management (continued)

$ '000

(b) Receivables

The major risk associated with these receivables is credit risk - the risk that debts due and payable to Council may not be repaid in full.

There are no material receivables that have been subjected to a re-negotiation of repayment terms.

A profile of Council's receivables credit risk at balance date follows:

	2008	2008 Other Receivables	2007	2007 Other Receivables
(i) Aging of Receivables				
Current (not yet overdue)	-	35	-	25
	-	**35**	**-**	**25**

(c) Payables & Borrowings

Payables & Borrowings are both subject to liquidity risk - the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Teloca House manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

The contractual undiscounted cash outflows (ie. principal and interest) of Teloca House's Payables & Borrowings are set out in the Liquidity Table below:

$ '000	Subject to no maturity	≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs	Total Cash Outflows	Actual Carrying Values
				payable in:					
2008									
Trade/Other Payables	1,179	29						1,208	1,208
Total Financial Liabilities	**1,179**	**29**	**-**	**-**	**-**	**-**	**-**	**1,208**	**1,208**
2007									
Trade/Other Payables	1,279	67						1,346	1,346
Total Financial Liabilities	**1,279**	**67**	**-**	**-**	**-**	**-**	**-**	**1,346**	**1,346**

The following interest rates were applicable to Council's Borrowings at balance date:	2008 Carrying Value	2008 Average Interest Rate	2007 Carrying Value	2007 Average Interest Rate
Trade/Other Payables	1,208		1,346	
	1,208		1,346	

Teloca House

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 20. Equity - Retained Earnings and Revaluation Reserves

$ '000	Notes	Actual 2008	Actual 2007
a. Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		4,324	4,240
a. Correction of Prior Period Errors		(132)	(132)
b. Net Operating Result for the Year		16	84
Balance at End of the Reporting Period		4,208	4,192
b. Reserves			
(i) Reserves are represented by:			
- Property, Plant & Equipment Reserve		1,850	-
Total		**1,850**	**-**
(ii). Reconciliation of movements in Reserves:			
Property, Plant & Equipment Reserve			
- Opening Balance		-	-
- Revaluations for the year	9(a)	1,850	-
- Impairment of revalued assets (incl. impairment reversals)	9(a)	-	-
- Transfer to Retained Earnings for Assets Disposed of			-
- Balance at End of Year		**1,850**	**-**
TOTAL VALUE OF RESERVES		**1,850**	**-**

(iii). Nature & Purpose of Reserves

Property, Plant & Equipment Revaluation Reserve

- The Property, Plant & Equipment Revaluation Reserve is used to record increments/decrements of Non Current Asset values due to their revaluation.

"Available for Sale" Financial Investments Revaluation Reserve

- The "Available for Sale" Financial Investments Revaluation Reserve is used to account for the Fair Value movements in all financial assets so classified that remain on hand at year end.

Upon sale, amounts in Reserves are recognised in the Income Statement (in full) by way of transfer from the Reserve.

Teloca House

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 20. Equity - Retained Earnings and Revaluation Reserves (continued)

c. Correction of Error/s relating to a Previous Reporting Period

As part of the transition to measuring all PP&E at Fair Values, Teloca House this year reviewed and brought to account Fair Values for its Land & Buildings.

As part of that evaluation & measurement process, the remaining useful life of each asset has been reassessed to actual.

This reassessment has resulted in a material difference as to where some assets actually sit in relation to their asset life cycle relative to what the value of accumulated depreciation in Teloca House's Financial Reports had previously indicated.

Teloca House does not have sufficient and reliable information that will allow the restatement of information prior to 30/6/07 (the closing date for the comparative figures in this report).

As a result, Teloca House has adjusted the accumulated depreciation for Buildings as at 30/6/07 to reflect the correct value of accumulated depreciation;

Buildings - Specialised (increase) to accumulated depreciation	(132)

This adjustment resulted in net in a (decrease) in Teloca House's Accumulated Surplus as at 30/6/07.

In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.

These amounted to the following Equity Adjustments:

- Adjustments to Opening Equity - 1/7/06 (relating to adjustments for the 30/6/06 reporting year end and prior periods)	-	-
- Adjustments to Closing Equity - 30/6/07 (relating to adjustments for the 30/6/07 year end)	(132)	-
Total Prior Period Adjustments - Prior Period Errors	**(132)**	**-**

Independent auditor's report to the Committee of Teloca House and the Secretary of the Department of Health and Ageing

We have audited the accompanying general purpose financial report of the Teloca House, which comprises the statement by councillors and management, balance sheet as at 30th June, 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes.

Committee's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

In conducting our audit we have met the independence requirements of the Australian professional accounting bodies.

PRINCIPAL Graham J Bradley B.BUS F.C.A.
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Audit Opinion

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

AUSWILD & CO.

G.J. BRADLEY
Principal
Registered Auditor No: 1249

CANBERRA
22nd August, 2008