Tulgeen Group

A.B.N.23 001 616 100

Annual Report

For the Year Ended 30 June 2013

Tulgeen Group
A.B.N.23 001 616 100

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For the Year Ended 30 June 2013

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President's Report

It is with pleasure that I again present the Annual Report of Tulgeen Group, trading as Tulgeen Disability Services.

Following a year of challenge, changes to personnel and practices as well as comprehensive review, I believe we have turned the corner and are now guiding a more dynamic, forward-looking organisation, well-placed to face the welcome onset of NSW 'Person Centred Approaches' and, in the longer term, the National Disability Insurance Scheme.

With the departure of the previous CEO, the Board of Directors used the opportunity to take stock and set a path of consolidation, redevelopment and investment. By effectively utilising our Human Resources Manager, Tulgeen now has a strong, consistent and capable employment framework. The board engaged an experienced management consultant, Pete Gorton, as Interim CEO to conduct organisational review as well as help frame a vision for the future. Tulgeen's management team has assisted us to build on our strengths, eliminate waste, improve efficiency and most importantly, provide an environment in which all of our clients can thrive. An independent survey conducted during the year gave our clients, their families and our staff, a voice on how we were doing; the results were overwhelmingly positive as far as good client outcomes, and identified a few organisational short-comings that we were already working to overcome.

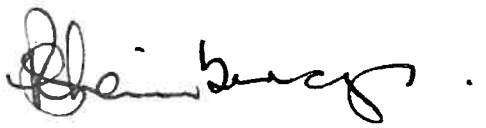
We are now much stronger as an organisation. We have a solid financial basis from which to work, including: a review from both of our key funding bodies, our Business Services' 'Third Party Verifier' and our Auditor. We completed the development of the new Training Education Services centre in the old 'Bay 4' secure storage area of our Spindler Street property. This is due to be officially opened on November 29th, but is already changing the ways our clients can enjoy their time in TES, while providing TES staff with a modern, well-equipped work area. We have refreshed a number of our vehicles, adopting a more diverse, fuel efficient and safer fleet, able to serve our clients' transport needs with reliability and comfort. We extended information technology across all twelve of our Bega locations with all staff now able to communicate with each other; access a central client database; work with a developmental electronic roster system, and access the internet to provide even better support services for our clients, their families and our stakeholders.

Our team of Directors has reduced in number this year, for various reasons. I thank my fellow Directors for their support as well as for their willingness to participate in several off-site strategy meetings, attend Board meetings and to interact constructively between formal meetings. We are seeking new Directors and we plan to recruit people with strong commercial experience to assist us in moving forward. The Board hopes to continue the relationship with our local partners, including: Bega Cheese, IMB, Bega Valley Motors, WorkAbility, Sapphire Support Services, TripleAcs IT support, Charterpoint Pty Ltd, Aging, Disability and Home Care (ADHC) and Department of Human Services to enable Tulgeen to grow and prosper in an exciting new world of 'self-managed" client funding.

The 'Vision 2025: 1TULGEEN' restructure has built on the hard work done in previous years in framing our Strategic Directions. I am pleased we have made significant progress against the goals set and we have started looking towards the next 8, 10 and 12 years.

As in past years, my most sincere thanks go to the staff of Tulgeen, providing reliable and caring support for all our clients, including their families and advocates, for whom we work tirelessly.

We ask you to join us as we move forward to an exciting future.



Gae Rheinberger – Chair, Board of Directors
November 13th, 2013.

"Unless someone like you cares a whole awful lot, nothing is going to get better. It's not." Dr Seuss

Chief Executive Officer's Report

I'm delighted to be reporting at the end of my first year at Tulgeen – our 30th year of government supported operations; whilst acknowledging the generous support of parents and volunteers, whose initiative, vision and dedication created and sustained Tulgeen up to that point. Commencing at the end of October 2012, I was privileged to be entrusted by the Board with undertaking an organizational review, and then framing a plan for the future – what became known as 'Vision 2025:1TULGEEN'.

I was initially – and continue to be - impressed by the enthusiasm of many of the staff at Tulgeen to tackle quite challenging situations, day after day, and to still come up smiling, returning the next day to do it all again. My enthusiasm was reinforced with the mid-year external survey of clients, staff and stakeholders, finding that we appear to be making many of our clients and their families very happy. The annual verification undertaken by BSI also showed that most of our client procedures and policies were up to the mark, and the few requiring work were already being tackled.

I believe that the Board, our managers and all staff and partners can be justly proud of what we have accomplished this year, and many understand that we've just started the journey toward delivery of excellence in a client-funded world. Many aspects of Tulgeen's operations have been examined and refined, while a number of aspects still require significant work, but we are 'getting there'.

I 'inherited' the seven goals of the 2012-15 Strategic Plan, and I'm pleased to say that most are well in hand, with only a few needing further attention. We have started developing the next Plan, and a quick review reveals progress or completion of many of the following in this one:

Goal 1 Provide quality services within the area of community need (provider of choice, highest levels of professionalism and probity in human capital, quality services, supported employment and vocational training , and provision of accommodation and support to people with disability).

Goal 2 Ensure a high level of individual and group capability of the organisation (all staff have the skills and capacity to provide: professional and appropriate support to the core business, professional & appropriate support to employees; and to be able to provide the specialist ADE skills; and compete financially with other disability organisations).

Goal 3 An organization structure which supports the stated purpose and goals (efficient and effective organisation and implementation mechanisms; meeting service levels for each ADE; succession planning and appropriate support)

Goal 4 A caring respectful culture encompassing clients, staff and the community (communication and interpersonal skills and promoting ADEs in the community; social networking within the Bega Valley Community (*under consideration*); improved communication and interpersonal skills to promote TDS in the community; and personal and professional growth, initiative and teamwork)

Goal 5 Effective Business practice and good governance (manage with prudent financial considerations, aligned with all internal and external compliance requirements; and policies, procedures and law observing funding body requirements)

Goal 6 Improve financial capability (minimise expenditure; ensure ongoing viability of IHS accommodation; Identify existing and alternative sources of income; ensure ongoing viability of the individual ADEs)

Goal 7 Increase Tulgeen's influence through positive engagement (increased community awareness of Tulgeen's services; collaborative partnerships with government, industry associations and peak bodies)

Several of the Directors and I undertook the Australian Institute of Company Directors 'Foundations of Directorship' training during the year. This provided us with a good understanding of contemporary company governance and reporting requirements, as well as a firm, forward-looking basis for assisting Tulgeen to become a best-in-class, innovative and pro-active light in the disability sector. We are working to instill a sense of anticipation in our staff and client community to embrace self-managed funding, and eventually, the NDIS. I met with both State and Federal politicians, and invited them to consider Tulgeen as a potential 'early adopter' as NDIS is rolled out.

If I may draw your attention to the ASX Corporate Governance Council's *Corporate Governance*

Principles and Recommendations, I believe that we are able to demonstrate that we are adopting and complying with the spirit of each of the following principles:

1. Laying solid foundations for management and oversight
2. Structure the Board to add value
3. Promote ethical and responsible decision making
4. Safeguard integrity in financial reporting
5. Make timely and balanced disclosure
6. Respect the rights of shareholders [members and stakeholders]
7. Recognise and manage risk
8. Remunerate fairly and responsibly.

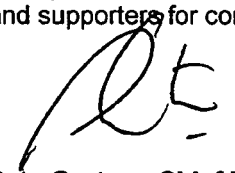
Tulgeen is in a sound financial position, and has an enviable reputation for excellence in client support. Our client base is growing, our operational span is increasing, and we believe that we have taken many hard decisions to create a contemporary, best-practice organisation. We are strengthening our relationships with partners and funding stakeholders, and we are growing in stature and reputation in the Bega valley, and beyond, as well as in seeking to become a destination for people wanting to experience good outcomes for those with disability.

We plan to continue to drive down costs, and improve efficiencies. Unfortunately this means that some of our clients will experience changes in the charges that they incur to use our services. For many years we have effectively subsidised some clients, who were less well-funded, at the expense of others, or of our modest corporate reserves. We cannot afford to do this any longer, as in a client-focused environment, everyone, and everything, must pay its way. We are looking to improve the 'triple bottom line' of Tulgeen, so that as well as making the economics add up, we become better corporate citizens, and we address our environmental footprint. We are looking to further reduce water consumption, gas and electricity, as well as vehicle fuel and stationary energy costs (mainly heating and cooling).

As I write this, we are anticipating our first solar energy power system to be installed on the Spindler Street roof, reducing the electricity costs for Spindler Street Packaging Services (Bega Cheese cool room) and Training and Education Services (environmental conditioning). We expect to repay this 'community-funded' acquisition to CORENA over the next three years, and will then be well in front. I hope this is the first of a continuing series of improvements, embracing lower energy costs for our clients, and our operations, enabling us to 'do more, with less'.

We have also made a significant investment in the Riverside Nursery. Derek Povel has been engaged to build a fully-functioning retail nursery on site, operating 6 or 7 days per week, and the results are already very encouraging. You may recall that we opened the Art in the Garage Ceramics and Print-making studios in August 2012, and we are similarly looking to expand the Arts Precinct to become an enterprise in its own right. Both of these, along with Stitches and Prints, and the Bega Valley Workcrew are key to improving Tulgeen's financial footings, and growing its importance in the community.

Finally, I would like to thank our clients, the Board, my staff and managers, and all of our stakeholders and supporters for continuing to believe in Tulgeen – the future is coming, and we will be part of it.



Pete Gorton Chief Executive Officer
November 13th 2013

Tulgeen Group
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Treasurer's Report

There is no Treasurer – Tulgeen Group is a Company Limited by Guarantee.

Directors' Report
30 June 2013

The directors present their report together with the financial report of Tulgeen Group for the financial year ended 30 June 2013 and the auditors' report thereon.

1. General information

Information on directors

The directors at any time during the financial year are:

Gae Rheinberger	President
Qualifications	RN, AB (AdEd) Dip Teach, Training Consultant
Experience	Board member since 4th October 2000
Special responsibilities	President
David McGregor	Treasurer
Qualifications	Chartered Accountant
Experience	Board member from 11th March 2005 to 12th December 2012
Special responsibilities	Treasurer
Kristina Walker	Director
Qualifications	Business owner/ Operator/ Carer
Experience	Board member from 6th August 2002 to 23rd July 2013
Special responsibilities	Nil
Charles Keys	Director
Qualifications	Retired Businessman & Carer
Experience	Board member from 11th March 2005 to 26th February 2013
Special responsibilities	Nil
Suzanne Hartemink	Director
Qualifications	(Hospital RNSH) Cert. Nursing & B.Nursing (RMIT)
Experience	Board member since 26th March 2009
Special responsibilities	Nil
Peter Abramowski	Director
Qualifications	B. Agr. Sc.
Experience	Board member from 28th April 2009 to 13th August 2012
Special responsibilities	Nil
Cambell Stewart	Director
Qualifications	BA Dip Ed, Cert IV Workplace assessment and Training, Cert IV TESOL
Experience	Board member since 12th December 2012
Special responsibilities	Nil
Deborah Burrows	Director
Qualifications	Justice of the Peace, Registered Nurse, B. Health Science (Nursing) & various Grad Certificates.
Experience	Board member since 12th December 2012
Special responsibilities	Nil

Directors' Report
30 June 2013

1. General information continued

Principal activities

The principal activity of Tulgeen Group during the financial year were the provision of Accommodation, Support and Training for people with disability.

No significant changes in the nature of the Company's activity occurred during the financial year.

Short term objectives

The Company's short term objectives are to:

- Improve service delivery, organisation structure, reduce waste and improve process efficiency.

Long term objectives

The Company's long term objectives are to:

- Be sustainable and strive for continuous improvement so as to offer the best possible outcomes for clients requiring our support.

Strategy for achieving the objectives

To achieve these objectives, the Company has adopted the following strategies:

<u>Service Delivery Priorities</u>

a) Continuously improve the deliver of our core business services and measure improvements against each of our stated success measures.

b) Successfully completed the accreditation process and embed quality improvements across our organisation's operations.

c) Strengthen our relationships and partnerships with our stakeholders including:

- Funding bodies
- Carers, advocates and families of people with the disability; and
- The community at large

<u>Organisation Priorities:</u>

d) Secure an ongoing funding base for Tulgeen Group's business.

e) Increase public and community awareness of Tulgeen Group as a successful provider of services for people with disability – including via our publications and website.

f) Build a strong evidence based culture throughout the organisation based in quality data gathering and outcome reporting.

Directors' Report
30 June 2013

1. General information continued

Members guarantee

Tulgeen Group is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each members and any person or association who ceased to be a member in the year prior to the winding up, is limited to $ 50 for members that are subject to the provisions of the company's constitution.

At 30 June 2013 the collective liability of members was $1,500 (2012:$1,500).

Operating results and review of operations for the year

Operating results

The loss of the Company after providing for income tax amounted to $ (237,524) (2012:$295,352).

Meetings of directors

During the financial year, 9 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Gae Rheinberger	9	9
David McGregor	5	4
Kristina Walker	9	6
Charles Keys	6	6
Suzanne Hartemink	9	7
Peter Abramowski	1	-
Campbell Stewart	9	9
Deborah Burrows	9	7

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2013 has been received and can be found on page 9 of the financial report.

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

Director: ..... Gae Rheinberger

Dated 29th October 2013

Director: ..... Suzanne Hartemink

Dated 29th October 2013

Tulgeen Group
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the next solution

Auditors Independence Declaration under Section 307C of the Corporations Act 2001 Tulgeen Group

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2013, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Nexia Court & Co

Nexia Court & Co
Chartered Accountants

Lester Wills
Partner

Sydney
Dated:29th October 2013

Sydney Office
Level 16, 1 Market Street, Sydney NSW 2000
PO Box H195, Australia Square NSW 1215
p +61 2 9251 4600, f +61 2 9251 7138
info@nexiacourt.com.au, www.nexia.com.au

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Independent Audit Report to the members of Tulgeen Group

Report on the Financial Report

We have audited the accompanying financial report of Tulgeen Group, which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and other 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 gives a true and fair view and 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 about 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 Company'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 Tulgeen Group, would be in the same terms if given to the directors as at the time of this auditor's report.

Sydney Office
Level 16, 1 Market Street, Sydney NSW 2000
PO Box H195, Australia Square NSW 1215
p +61 2 9251 4600, f +61 2 9251 7138
info@nexiacourt.com.au, www.nexia.com.au

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Independent Audit Report to the members of Tulgeen Group

Opinion

In our opinion the financial report of Tulgeen Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Nexia Court & Co
Chartered Accountants

Lester Wills
Partner

Sydney
Dated:
30th October 2013

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Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 13 - 25, 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 as at 30 June 2013 and of the performance for the year ended on that date of the Company.

2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director .....
Gae Rheinberger

Dated 29th October 2013

Director .....
Suzanne Hartemink

Dated 29th October 2013

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Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2013

	Note	2013 $	2012 $
Revenue	2	**5,928,185**	5,982,018
Other revenue	2	**199,728**	254,888
Other income	2	**11,920**	4,057
		6,139,833	6,240,963
Employee benefits expense		**(4,982,744)**	(4,853,228)
Administrative and overhead expenses		**(777,139)**	(437,116)
Finance costs	3(b)	**(48,969)**	(25,566)
Depreciation expense	3(b)	**(200,068)**	(197,779)
Cost of sales		**(52,080)**	(65,388)
Travel expenses		**(113,510)**	(130,485)
Property expenses		**(202,847)**	(236,049)
		(6,377,357)	(5,945,611)
(Deficit)/surplus for the year		**(237,524)**	295,352
Other comprehensive income			
Items that will not be reclassified subsequently to surplus/deficit			
Revaluation changes for property, plant and equipment	7	**521,966**	-
Other comprehensive income for the year		**521,966**	-
Total comprehensive income for the year		**284,442**	295,352

The accompanying notes form part of these financial statements.

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Statement of Financial Position
30 June 2013

	Note	2013 $	2012 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	**714,091**	739,407
Trade and other receivables	5	**122,536**	132,958
Inventories	6	**30,367**	33,936
TOTAL CURRENT ASSETS		**866,994**	906,301
NON-CURRENT ASSETS			
Property, plant and equipment	7	**3,198,463**	2,727,102
TOTAL NON-CURRENT ASSETS		**3,198,463**	2,727,102
TOTAL ASSETS		**4,065,457**	3,633,403
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	**387,283**	353,218
Borrowings	9	**59,988**	555,503
Employee benefits	10	**399,409**	378,469
Deferred revenue		**341,032**	300,029
TOTAL CURRENT LIABILITIES		**1,187,712**	1,587,219
NON-CURRENT LIABILITIES			
Borrowings	9	**561,390**	-
Employee benefits	10	**105,201**	119,472
TOTAL NON-CURRENT LIABILITIES		**666,591**	119,472
TOTAL LIABILITIES		**1,854,303**	1,706,691
NET ASSETS		**2,211,154**	1,926,712
EQUITY			
Reserves	7	**521,966**	-
Retained earnings		**1,689,188**	1,926,712
		2,211,154	1,926,712
TOTAL EQUITY		**2,211,154**	1,926,712

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity
For the Year Ended 30 June 2013

2013

	Note	Retained Earnings	Asset Revaluation Reserve	Total
		$	$	$
Balance at 1 July 2012		**1,926,712**	**-**	**1,926,712**
Deficit for the year		**(237,524)**	**-**	**(237,524)**
Revaluation of land and buildings	7	**-**	**521,966**	**521,966**
Balance at 30 June 2013		**1,689,188**	**521,966**	**2,211,154**

2012

	Retained Earnings	Asset Revaluation Reserve	Total
	$	$	$
Balance at 1 July 2011	1,631,360	-	1,631,360
Surplus for the year	295,352	-	295,352
Total other comprehensive income for the year	-	-	-
Balance at 30 June 2012	1,926,712	-	1,926,712

The accompanying notes form part of these financial statements.

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Statement of Cash Flows
For the Year Ended 30 June 2013

	Note	2013 $	2012 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**681,219**	561,416
Grants received		**6,013,810**	5,574,686
Payments to suppliers and employees		**(6,669,134)**	(6,335,924)
Interest received		**69,426**	70,368
Interest paid		**(48,969)**	(25,566)
Net cash from operating activities		**46,352**	(155,020)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		**142**	93,545
Purchase of property, plant and equipment		**(137,685)**	(684,844)
Net cash from investing activities		**(137,543)**	(591,299)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings		**123,969**	461,434
Repayment of borrowings		**(58,094)**	(41,098)
Net cash from financing activities		**65,875**	420,336
Net decrease in cash and cash equivalents held		**(25,316)**	(325,983)
Cash and cash equivalents at beginning ofthe financial year		**739,407**	1,065,390
Cash and cash equivalents at end of financial year	4	**714,091**	739,407

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

Sale of goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

Interest revenue

Interest is recognised using the effective interest method.

Other income/revenue

Income or revenue from other sources is recognised when the fee in respect of other products or services provided is receivable.

Donations and bequests are recognised as revenue when received.

(e) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which it incurs them.

(f) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(g) Income Tax

The Company is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

(h) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(i) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and are net of any rebates and discounts received.

Notes to the Financial Statements
For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

(j) Property, Plant and Equipment

Property, plant and equipment is carried at either cost or fair value. All assets excluding freehold land, are depreciated over their useful lives to the Company.

Cost Model

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of costs of dismantling and restoring the asset, where applicable.

Revaluation Model

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model.

Depreciation

The depreciable amount of all property, plant and equipment, except for land is depreciated on a straight-line method from the date that management determine that the asset is available for use.

The useful lives used for each class of depreciable asset are shown below:

Buildings	10 to 40 years
Plant and Equipment	2 to 10 years
Motor Vehicles	4 to 10 years

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

When an assets is disposed, the gain or loss is calculated by comparing proceeds received with its carrying amount and is taken to profit or loss.

(k) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;

Notes to the Financial Statements
For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

(k) Financial instruments continued

- available-for-sale financial assets; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

The Company only has financial assets classified as Loans and Receivables.

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 principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Company 's trade and most other receivables fall into this category of financial instruments.

Discounting is omitted where the effect of discounting is considered immaterial.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

For trade receivables, impairment provisions are recorded in a separate allowance account with the loss being recognised in profit or loss. When confirmation has been received that the amount is not collectable, the gross carrying value of the asset is written off against the associated impairment provision.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Financial liabilities

Financial liabilities are recognised when the Company becomes a party to the contractual agreements of the instrument. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in the income statement line items "borrowing costs" or "interest income".

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

The Company's financial liabilities include borrowings, trade and other payables, which are measured at

Notes to the Financial Statements
For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

(k) Financial instruments continued

amortised cost using the effective interest rate method.

Impairment of financial assets

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred , the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

(l) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the assets is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(m) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

Notes to the Financial Statements
For the Year Ended 30 June 2013

2 Revenue and Other Income

	2013 $	2012 $
Revenue		
- Grants received	**5,426,097**	5,545,706
- Residential board and service fees	**234,133**	177,331
- Sale of goods	**267,955**	258,981
	5,928,185	5,982,018
Other revenue		
- Interest revenue - other parties	**53,389**	66,082
- Other revenue from rendering of services	**146,339**	188,806
	199,728	254,888
Other Income		
- Net gain on disposal of property, plant & equipment	**11,920**	4,057
	11,920	4,057

3 Expenses

(a) Individually significant revenues included in profit:

Non-recurrent capital grants:		
- ADHC Maple Crt Development	**13,874**	383,910
- Water Harvesting grant	**-**	8,890
- CBP Greenhouse & shadehouse facilities	**-**	58,449
- Nursery carpark & walkways	**-**	992
- IMB Community Foundation Grant	**(1,662)**	15,000
- FACSIA ADE Capital Funding	**-**	29,300
- TES redevelopment	**64,930**	-
	77,142	496,541

(b) Profit includes the following specific expenses:

Depreciation of property, plant and equipment	**200,068**	197,779
Net movements in provision for:		
- Employee benefits	**(6,669)**	(48,911)
Defined contribution superannuation expense	**382,740**	397,140
Interest and finance changes paid/payable on loan	**48,969**	25,566

4 Cash and cash equivalents

Cash on hand	**1,403**	2,379
Cash at bank	**712,688**	737,028
	714,091	739,407

Notes to the Financial Statements
For the Year Ended 30 June 2013

5 Trade and other receivables

	2013 $	2012 $
CURRENT		
Trade receivables	**100,541**	96,484
Provision for impairment	**-**	(5,987)
	100,541	90,497
Prepayments	**16,083**	16,647
Other debtors	**5,912**	25,814
	122,536	132,958

6 Inventories

Raw materials and stores - at cost	**30,367**	33,936

7 Property, plant and equipment

Freehold land - at fair value	**603,990**	-
Freehold land - at cost	**-**	34,000
	603,990	34,000
Buildings - at fair value	**1,851,010**	-
Buildings - at cost	**-**	2,459,354
Less: accumulated depreciation	**-**	(398,720)
	1,851,010	2,060,634
Total land and buildings	**2,455,000**	2,094,634
Plant & equipment - at cost	**1,167,457**	1,099,682
Less: accumulated depreciation	**(850,351)**	(775,259)
	317,106	324,423
Motor vehicles - at cost	**593,614**	591,721
Less: accumulated depreciation	**(340,595)**	(283,676)
	253,019	308,045
Improvements - at cost	**213,827**	-
Less: accumulated depreciation	**(40,489)**	-
	173,338	-
Total property, plant and equipment	**3,198,463**	2,727,102

Notes to the Financial Statements
For the Year Ended 30 June 2013

7 Property, plant and equipment continued

Movements in carrying amounts of property, plant and equipment

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

Parent	Land	Buildings	Plant and Equipment	Motor Vehicles	Improvements	Total
	$	$	$	$	$	$
Year ended 30 June 2013						
Balance at the beginning of year	34,000	2,060,633	324,423	308,046	-	2,727,102
Additions	-	81,517	51,320	16,626	-	149,463
Transfers	569,990	(743,178)	-	(150)	173,338	-
Depreciation expense	-	(69,928)	(58,637)	(71,503)	-	(200,068)
Revaluation change recognised in equity	-	521,966	-	-	-	521,966
Balance at the end of the year	603,990	1,851,010	317,106	253,019	173,338	3,198,463

Land and building valuation

The Company's land and buildings were revalued at 30 June 2013 by independent valuers. Valuations were made on the basis of open market value in an arms length transaction based on similar properties. The revaluation surplus was credited to an asset revaluation reserve in equity.

8 Trade and other payables

	2013	2012
	$	$
CURRENT		
Trade payables	**122,355**	222,699
GST payable	**115,399**	48
Other creditors	**149,529**	130,471
	387,283	353,218

9 Borrowings

CURRENT		
IMB Spinder St Loan	**59,988**	555,503
NON-CURRENT		
IMB Spinder St Loan	**561,390**	-

The bank debt is secured by a registered first mortgage over certain freehold properties owned by the Company.

The total value of non-current assets pledged as security is $920,000 (2012: $600,000).

Notes to the Financial Statements
For the Year Ended 30 June 2013

10 Employee Benefits

	2013	2012
	$	$
CURRENT		
Employee benefits	**399,409**	378,469
NON-CURRENT		
Employee benefits	**105,201**	119,472
	504,610	497,941

11 Reserves

The asset revaluation reserve records unrealised gains on revaluation of property, plant and equipment recorded at fair value.

12 Related Party Disclosures

Directors

The names of each person holding the position of director of Tulgeen Group during the financial year are:

Gae Rheinberger	Peter Abramowski
David McGregor	C. Stewart
Kristina Walker	D Burrows
Charles Keys	Sue Hartemink

Key management personnel compensation

Key management personnel compensation for the financial year ended 30 June 2013 is set out below. The key management personnel are all directors of the company and the executives with the greatest authority for the strategic direction and management of the company who are the Chief Executive Officer, Human Resources Manager and the Finance Manager.

The total remuneration paid to key management personnel of the Company is $ 383,698 (2012: $ 262,292).

Directors transactions with the Company

A number of directors of the Company hold positions in other entities that result in them having control or significant influence over the financial and/or operating policies of these entities.

The terms and conditions of the transactions with directors and their director related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

The aggregate amounts recognised during the year relating to directors and their director related entities were as follows:

	2013	2012
	$	$
Gae Rheinberger - OHS training	-	5,405
Peter Abramowski - Machinery parts	-	25,962

Notes to the Financial Statements
For the Year Ended 30 June 2013

13 Capital Commitments

Capital Commitments

Capital expenditure contracted for at the reporting date but not recognised as a liabilities is as follows:

	2013	2012
	$	$
Property, plant and equipment	**138,541**	69,922

14 Contingent Liabilities

Under the terms of the funding agreement with the state government body, any unspent funding may be required to be refunded. Further, a proportion of any funds advanced for the purpose of purchasing assets maybe required to be refunded on disposal of the assets. The financial effect of this possible liability is unable to be determined at the time of this report.

Contingent Assets

The company is in advanced stages of negotiating a refund for over-paid workers compensation. The estimated refund expected is at least $109,000.

15 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

16 Company Details

The registered office of the company is:
Tulgeen Group
26 Eden Street
BEGA NSW 2550

Tulgeen Group
A.B.N.23 001 616 100
For the Year Ended 30 June 2013

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Disclaimer

The additional financial data presented on pages 27 - 28 is in accordance with the books and records of the Company which have been subjected to the auditing procedures applied in our statutory audit of the Company for the year ended 30 June 2013. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and we give no warranty of accuracy or reliability in respect of the data provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than Tulgeen Group) in respect of such data, including any errors of omissions therein however caused.

Nexia Court & Co

Nexia Court & Co
Chartered Accountants

Lester Wills
Partner

Sydney
Dated: 30th October 2013

Sydney Office
Level 16, 1 Market Street, Sydney NSW 2000
PO Box H195, Australia Square NSW 1215
p +61 2 9251 4600, f +61 2 9251 7138
info@nexiacourt.com.au, www.nexia.com.au

Independent member of Nexia International

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Detailed Income Statement

	2013 $	2012 $
TRADING STATEMENT		
Sales	**267,955**	258,981
Less: Cost of goods sold		
Opening Stock	**(33,936)**	(33,083)
Add: purchases	**(48,511)**	(66,241)
Less: closing Stock	**30,367**	33,936
Cost of goods sold	**(52,080)**	(65,388)
Gross trading profit	**215,875**	193,593
INCOME STATEMENT		
Income		
Deparment of Ageing, Disability and Home Care	**4,731,889**	4,807,999
FaHCSIA	**619,707**	654,293
Other grants	**74,501**	83,414
Interest revenue - other parties	**53,389**	66,082
Residential board and service fees	**234,133**	177,331
Net gain on disposal of property, plant & equipment	**11,920**	4,057
Other income from rendering of services	**-**	564
Other income	**146,339**	188,242
	6,087,753	6,175,575
Expenses:		
Borrowing costs	**48,969**	25,566
Employment Expenses		
Fringe benefits	**13,794**	-
Provision for Annual Leave / Long Service Leave	**6,667**	(48,911)
Staff and client amenities	**17,423**	25,589
Staff training	**35,519**	56,399
Superannuation	**382,740**	397,140
Wages	**4,526,601**	4,423,011
	4,982,744	4,853,228
Travel Expenses		
Motor vehicle expenses	**101,264**	106,659
Travel, fares etc	**12,246**	23,826
	113,510	130,485
Depreciation expense	**200,068**	197,779
Property Expenses		
Power	**49,572**	43,928
Rates	**14,220**	12,687
Rent	**56,588**	65,884
Repairs and maintenance	**82,467**	113,550
	202,847	236,049

Tulgeen Group
A.B.N.23 001 616 100
For the Year Ended 30 June 2013

Detailed Income Statement

	2013 $	2012 $
Administration & Overhead Expenses		
Advertising and promotions	**10,096**	21,189
Bad debts expense	**5,719**	-
Bank charges	**1,241**	1,388
Computer expenses	**44,685**	17,963
IHS - Medical Equipment	**-**	695
Fees:		
Audit and accounting fees	**53,720**	42,581
Legal fees	**149,334**	5,351
Consulting fees	**23,006**	3,362
Freight	**3,254**	1,415
General	**1,237**	(306)
Insurance	**342,756**	197,333
Occupational health and safety	**14,719**	14,302
Phone	**46,559**	47,769
Printing/Postage/Staionery	**27,887**	32,710
Programme expenses	**40,777**	29,398
Security expenses	**5,237**	6,447
Subscriptions/Licences	**6,912**	15,519
	777,139	437,116
	6,325,277	5,880,223
(Deficit)/Surplus for the period	**(237,524)**	295,352