

TOTALCARE INDUSTRIES LIMITED

Objectives

The broad continuing objective of Totalcare Industries is to operate as a financially successful corporation returning a profit on net assets employed, at least equal to the long term bond rate. Totalcare also aims to earn a reasonable revenue growth based upon client satisfaction, repeat business and penetration of new markets within and beyond the ACT. This is achieved through direct sales and the development of partnering and joint venturing arrangements.

The principal business undertakings of the company are: Linen, Sterilising and Environmental Services, Building Maintenance and Property Management Services, Fleet, Architectural and Engineering Services, ACT Landscape, Engineering Maintenance and Survey Services.

Totalcare is an important local employer. Its commitment to the local Canberra community by the provision of resources, financial and other assistance to a range of community, cultural and sporting activities and organisations will be continued throughout the year.

1999-2000 Highlights

Strategic and operational issues to be pursued in 1999-2000 include:

- expanding customer base locally, regionally and interstate with specific marketing strategies targeted at the health care, hospitality and tourism industries for linen, sterilising and environmental services. Marketing strategies for Projects and Facilities Management will target opportunities in property management and maintenance in the Commonwealth Government and private sectors;
- streamlining procedures to deliver cost-effective quality services at competitive rates to its diversified customer base driven by commercial imperatives and the untying of government clients;
- operating as efficiently as other comparable businesses;
- achieving community respect for high quality products and services and ethical business practices; and
- providing a productive, challenging and satisfying work environment for its people with flexibility in employment conditions to meet seasonal, cyclical and market demands.

Budget Summary**1999-2000
Planned
\$'000****Revenues**

- User charges - ACT Government (service receipts) 76 393
- User charges - non ACT Government (service receipts) 8 694
- Other 300

Services provided

- Facilities management 19 624
- Fleet services 17 497
- Engineering maintenance 24 087
- Linen services 11 013
- Projects 5 000
- Sterilising services 5 868
- Environmental services 1 998

TotalCare Industries Limited Operating Statement

1998-99 Budget \$'000		1998-99 Est.Outcome \$'000	1999-00 Budget \$'000	Var %	2000-01 Estimate \$'000	2001-02 Estimate \$'000	2002-03 Estimate \$'000
Revenue							
9 325	User Charges - Non ACT Government	8 602	8 694	1	8 764	8 837	9 014
48 117	User Charges - ACT Government	76 162	76 393	..	78 144	79 928	81 646
20	Interest	450	300	-33	306	312	318
57 462	Total Revenue	85 214	85 387	..	87 214	89 077	90 978
Expenses							
24 241	Employee Expenses	31 413	30 159	-4	29 752	30 356	30 974
3 000	Superannuation Expenses	2 979	2 769	-7	2 825	2 882	2 939
7 596	Administrative Expenses	8 138	7 734	-5	7 829	8 011	8 197
3 284	Depreciation and Amortisation	2 956	3 137	6	3 138	3 139	3 140
36	Interest	229	371	62	84	82	82
18 305	Cost of Goods Sold	35 716	35 763	..	37 632	37 653	38 692
0	Other Expenses	2 283	1 954	-14	1 954	1 954	1 954
56 462	Total Expenses	83 714	81 887	-2	83 214	84 077	85 978
1 000	Operating Result Before Abnormal Items	1 500	3 500	133	4 000	5 000	5 000
1 000	Abnormal Expense	4 721	2 000	-58	0	0	0
0	Operating Result Before Extraordinary Items	-3 221	1 500	147	4 000	5 000	5 000
0	Income Tax Equivalent	618	1 337	116	1 517	1 877	1 877
0	Operating Result	-3 839	163	104	2 483	3 123	3 123
6 085	Accumulated Funds - Start of Period	-599	-4 438	-641	-4 275	-1 792	664
500	Dividend Declared	0	0	-	0	667	1 561
5 585	Accumulated Funds - End of Period	-4 438	-4 275	4	-1 792	664	2 226

TotalCare Industries Limited
Statement Of Financial Position

Budget as at 30/6/99 \$'000		Est.Outcome as at 30/6/99 \$'000	Planned as at 30/6/00 \$'000	Var %	Planned as at 30/6/01 \$'000	Planned as at 30/6/02 \$'000	Planned as at 30/6/03 \$'000
Current Assets							
10 271	Cash	2 602	1 950	-25	6 458	9 866	9 950
17 821	Receivables	16 961	15 745	-7	16 357	17 063	17 672
832	Inventories	1 253	1 253	-	1 253	1 253	1 253
1 170	Other	1 622	1 622	-	1 622	1 622	1 622
30 094	Total Current Assets	22 438	20 570	-8	25 690	29 804	30 497
Non Current Assets							
30 997	Property, Plant and Equipment	40 913	38 576	-6	36 438	34 299	34 159
297	Other	0	0	-	0	0	0
31 294	Total Non Current Assets	40 913	38 576	-6	36 438	34 299	34 159
61 388	TOTAL ASSETS	63 351	59 146	-7	62 128	64 103	64 656
Current Liabilities							
9 303	Creditors	8 819	8 783	..	8 987	9 007	9 006
0	Borrowings	5 200	0	-100	0	0	0
0	Finance Leases	128	273	113	125	338	0
4 306	Employee Entitlements	4 314	3 986	-8	3 755	3 701	3 726
1 867	Other Provisions	0	518	-	698	1 725	2 619
11 006	Other	8 096	8 096	-	8 096	5 986	3 676
26 482	Total Current Liabilities	26 557	21 656	-18	21 661	20 757	19 027
Non Current Liabilities							
454	Borrowings	0	0	-	0	0	0
0	Finance Leases	736	463	-37	338	0	0
5 513	Employee Entitlements	5 213	5 200	..	5 000	4 943	4 845
0	Other Provisions	1 853	2 672	44	3 491	4 309	5 128
5 967	Total Non Current Liabilities	7 802	8 335	7	8 829	9 252	9 973
32 449	TOTAL LIABILITIES	34 359	29 991	-13	30 490	30 009	29 000
28 939	NET ASSETS	28 992	29 155	1	31 638	34 094	35 656
REPRESENTED BY FUNDS EMPLOYED							
5 585	Accumulated Funds	-4 438	-4 275	-4	-1 792	664	2 226
23 354	Reserves	33 430	33 430	-	33 430	33 430	33 430
28 939	TOTAL FUNDS EMPLOYED	28 992	29 155	1	31 638	34 094	35 656

TotalCare Industries Limited
Cashflow Statement

1998-99 Budget \$'000		1998-99 Est.Outcome \$'000	1999-00 Budget \$'000	Var %	2000-01 Estimate \$'000	2001-02 Estimate \$'000	2002-03 Estimate \$'000
9 667	CASH AT BEGINNING OF REPORTING PERIOD	23 626	2 602	-89	1 950	6 458	9 866
	CASH FLOWS FROM OPERATING ACTIVITIES						
	Receipts						
57 442	User Charges	174 549	182 645	5	184 550	186 050	185 834
20	Interest Received	450	300	-33	306	312	318
57 462	Operating Receipts	174 999	182 945	5	184 856	186 362	186 152
	Payments						
28 277	Related to Employees	44 551	32 780	-26	31 697	30 459	30 459
7 461	Related to Administration	7 732	7 348	-5	7 724	7 744	7 754
36	Finance Costs	229	371	62	84	82	82
18 689	Other	139 001	136 970	-1	139 570	143 544	143 768
54 463	Operating Payments	191 513	177 469	-7	179 075	181 829	182 063
2 999	NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	-16 514	5 476	133	5 781	4 533	4 089
	CASH FLOWS FROM INVESTING ACTIVITIES						
	Receipts						
100	Proceeds from Sale of Property, Plant & Equipment	1 135	2 200	94	2 000	2 000	0
100	Investing Receipts	1 135	2 200	94	2 000	2 000	0
	Payments						
2 303	Purchase of Property, Plant and Equipment	10 271	3 000	-71	3 000	3 000	3 000
2 303	Investing Payments	10 271	3 000	-71	3 000	3 000	3 000
-2 203	NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	-9 136	-800	91	-1 000	-1 000	-3 000
	CASH FLOWS FROM FINANCING ACTIVITIES						
	Receipts						
0	Borrowings Received	5 700	0	-100	0	0	0
0	Financing Receipts	5 700	0	-100	0	0	0
	Payments						
192	Dividends to Government	0	0	-	0	0	667
0	Repayment of Borrowings	954	5 200	445	0	0	0
0	Repayment of Finance Lease	120	128	7	273	125	338
192	Financing Payments	1 074	5 328	396	273	125	1 005
-192	NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	4 626	-5 328	-215	-273	-125	-1 005
604	NET INCREASE/(DECREASE) IN CASH HELD	-21 024	-652	97	4 508	3 408	84
10 271	CASH AT THE END OF THE REPORTING PERIOD	2 602	1 950	-25	6 458	9 866	9 950

Notes to the Budget Statements

Operating Statement

Total revenues and expenses are well above budget reflecting the full year effect of the Works and Commercial Services function. This was not included in the 1998-99 budget and has the effect of increasing user charges - non ACT Government and cost of goods sold without impacting on the operating result.

Significant variations are as follows:

- operating revenue: the increase of \$0.173m in 1999-2000 comprises:
 - increases in fleet and linen revenues (\$2.783m) through the acquisition of new external contracts;
 - small increases in sterilising and environmental revenues (\$0.628m); offset by
 - a reduction in project revenue through the closure of the Survey operation;
 - a reduction in building maintenance revenue because of a one year only contract in 1998-99 (\$3.089m); and
 - a reduction in interest revenue (\$0.150m);
- operating expenses: the decrease of \$1.827m in 1999-2000 is due to:
 - a reduction in employee expenses through the voluntary redundancy program initiated in 1998-99 (\$1.464m); and
 - savings in administrative expenses (\$0.404m) through increased efficiencies.
- The abnormal expense of \$4.721m in 1998-99 relates to redundancies (\$2.996m), restructuring (0.725m), replacement of IT systems (\$0.5m), and the hospital implosion inquiry (\$0.5m). The abnormal expense of \$2m in 1999-2000 relates to payment of redundancies.

Statement of Financial Position

Significant variations are as follows:

- cash: the decrease of \$0.652m in 1999-2000 is due to the policy of repayment of borrowings from cash flow from operations and asset sales of surplus equipment;
- borrowings: the increase in 1998-99 is a result of providing a fleet financing facility for the ACTEW vehicle fleet. This borrowing will subsequently be repaid in 1999-2000; and
- reserves: the increase of \$10.076m in 1998-99 from original budget represents the transfer of heavy vehicle fleet from accumulated funds to an asset acquisition reserve. The fleet was transferred from CFU to Totalcare in 1997-98.