

# Uniting AgeWell Victoria and Tasmania

## Annual Report

### 30 June 2014

ABN: 39 703 442 583

NAPS ID: 581

ABN: 88 774 033 774

NAPS ID: 2615

# Board of Governance Report

Your members of the Board of Governance present their report on the entity for the financial year ended 30 June 2014.

## **Board of Governance**

The name of the members in office at any time during the financial year are as follows:

Dr Alan Wilkinson  
Dr Cathy Balding  
Ms Karen Janiszewski  
Mrs Jill Linklater  
Ms Libby Pallot  
Mr Richard Price  
Mr Ian Sanders  
Rev Allan Thompson  
Rev Dr Mark Lawrence  
Mrs Wendy Quinn  
Ms Fiona Campbell  
Ms Julia Langdon

## **Principal activities**

The principal activities of the entity during the financial year was; the provision of aged care services. No significant change in the nature of these activities occurred during the year.

## **Entity's Vision**

Uniting AgeWell: The Church at Work

We are a creative leader; enabling communities to age well and individuals to live their potential;

Entity's Mission

Uniting AgeWell provides specialised services enabling older citizens to maximise their wellbeing and access care when required.

As part of the Uniting Church we live out the practical expression of Christian faith and values:

- \* Respect
- \* Partnership
- \* Wisdom
- \* Fairness
- \* Stewardship

The UA 2015-17 Strategic Plan has six Future Directions

- 1: AgeWell is embedded in all services of the organisation.
- 2: Be an expression of the church.
- 3: Innovative business model, financially sustainable organisation.
- 4: Transition our people, transition the culture.
- 5: Beyond compliance to excellence for every consumer
- 6: Grow existing services, develop new services.

UA believes that older people want to live in an environment of choice, empowerment and wellness – and to easily access support and care as they choose. While care remains an important part of our service delivery, our focus has shifted to what people can do instead of what they cannot. It promotes a life enhancing approach to growing older including supportive care when required.

AgeWell is UA's approach to all service planning and delivery, quality and innovation activities, infrastructure development and workforce strengthening.

#### **Information on Board Members**

Dr Alan Wilkinson

Chairperson

- Qualifications - Bachelor of Engineering, Bachelor of Arts (History & Politics), PhD (International Relations), Graduate AICD
- Dr Wilkinson is an ex officio member of all Board committees

Dr Cathy Balding

- Qualifications - PhD (Business Administration), Master of Business (Health Administration), Associate Diploma, Medical Record Administration
- Dr Balding is Chairperson of the Quality and Safety Committee

Ms Karen Janiszewski

- Qualifications - Bachelor of Applied Science in Building Technology, Graduate Diploma in Property Development Management, Graduate Diploma in Project Management, Graduate AICD
- Ms Janiszewski is Chair of the Property & Development Committee

Mrs Jill Linklater

- Qualifications - Graduate Diploma Health & Medical Law, Master of Health Administration, Emergency Community (Health) Planning Certificate Canada, Bachelor of Science in Nursing, Graduate AICD
- Mrs Linklater is a member of the Quality & Safety Committee and Remuneration & Nominations Committee

Ms Libby Pallot

- Qualifications - Bachelor of Arts, Bachelor of Laws with Honours, Graduate AICD
- Board member since 2006
- Ms Pallot is Chair of the Remuneration & Nominations Committee

Mr Richard Price

- Qualifications - Bachelor of Commerce UNSW
- Board member since 2007, resigned August 2013
- Mr Price was a member of the Finance Committee

Mr Ian Sanders

- Qualifications - Bachelor of Science (London), Master of Business Administration, Graduate AICD
- Board member since August 2012
- Mr Sanders is Chair of the Finance Committee

Rev Allan Thompson

- Qualifications - Bachelor of Arts, Bachelor of Divinity, Member AICD
- Board Member since December 2008
- Mr Thompson is a member of the Audit & Risk and Property & Development Committees, Chair of Mission Committee, and Deputy Chair of the Board

Rev Dr Mark Lawrence

Synod General Secretary

BA, Grad DipEd, BTheol, MLitt, PhD, MEd(Lead)

- Ex Officio Board Member since November 2012

Mrs Wendy Quinn

- Qualifications - Master of Health Science, Developmental Disabilities, Bachelor of Applied Science Degree Completion Program (OT), Diploma of Occupational Therapy
- Board member since December 2012
- Mrs Quinn is a member of the Mission Committee and Quality & Safety Committee

Ms Fiona Campbell

- Qualifications - Bachelor of Commerce (Accounting, Law and Information Technology), Deakin University
- Board member since October 2013
- Ms Campbell is a member of the Finance Committee

Ms Julia Langdon

- Qualifications - Bachelor of Science and a Bachelor of Commerce from the University of Melbourne
- Board Member since October 2013
- Ms Langdon is Chair of the Audit & Risk Committee

### Meetings of Members

During the financial year 10 meetings of Board Members were held. Attendance by each Board Member was as follows:

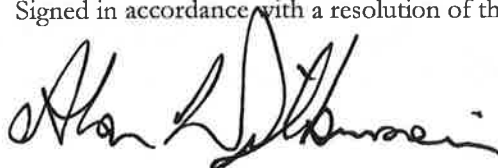
Member	Board Meetings – Number eligible to attend	Number attended
Cathy Balding	10	7
Fiona Campbell	6	5
Karen Janiszewski	10	7
Julia Langdon	6	5
Rev Dr Mark Lawrence	10	7
Jill Linklater	10	4
Libby Pallot	10	8
Wendy Quinn	10	10
Ian Sanders	10	10
Rev Allan Thompson	10	10
Dr Alan Wilkinson	10	10

The entity is operating as an agency of the Uniting Church in Australia the assets of which the Uniting Church in Australia Property Trust (Victoria) and the Uniting Church in Australia Property Trust (Tas) hold legal title.

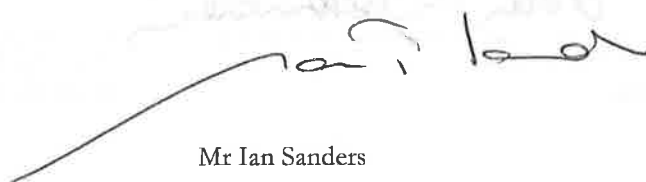
### Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 7 of the financial report.

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



Dr Alan Wilkinson  
Chairman



Mr Ian Sanders  
Board Member

Dated 30th September 2014

# Statement by the Board of Governance


The Board of Governance declares that:

1. The attached financial statements and note numbers 1 to 23 thereto,
  - (a) comply with Australian Accounting Standards, including the Australian Accounting Interpretations, and;
  - (b) give a true and fair view of the entity's financial position as at 30 June 2014 and of its performance for the year ended on that date.
2. In the Board of Governance's opinion, there are reasonable grounds to believe that the entity 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 Governance.



Dr Alan Wilkinson  
Chairman



Mr Ian Sanders  
Board Member

Dated 30th September 2014

The Rialto, Level 30  
525 Collins St  
Melbourne Victoria 3000

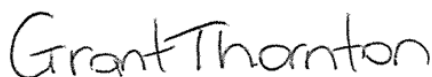
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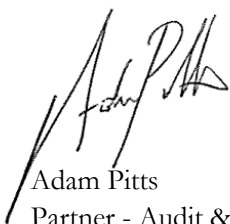
**Auditor's Independence Declaration**  
**To the Victorian & Tasmanian Synod of the Uniting Church in Australia**

As lead auditor for the audit of Uniting AgeWell Victoria and Tasmania for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements in relation to the audit;  
and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



Adam Pitts  
Partner - Audit & Assurance

Melbourne, 30 September 2014

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## Uniting AgeWell Victoria &amp; Tasmania

## Statement of Profit or Loss

for the year ended 30 June 2014

	Note	2014 \$	2013 \$
Revenue	2	152,785,308	140,433,712
Other Income	2	132,138	79,238
Care expenses		79,393,493	75,001,550
Hotel expenses		21,994,920	20,937,489
Administrative expenses		33,913,203	33,441,605
Finance costs		330,864	344,212
Other expenses		9,978,620	9,071,444
Surplus before income tax		7,306,346	1,716,650
less:			
Income tax expense	1	-	-
<b>Surplus for the year</b>		<b>7,306,346</b>	<b>1,716,650</b>

The accompanying notes form part of these financial statements.



**Uniting AgeWell Victoria & Tasmania**

# Statement of Comprehensive Income

**for the year ended 30 June 2014**

	2014	2013
	\$	\$
<b>Surplus for the year</b>	<b>7,306,346</b>	<b>1,716,650</b>
Other comprehensive income:		
Available-for-sale financial assets		
- current year gains/(losses)	<b>3,229,900</b>	<b>2,722,208</b>
<b>Other comprehensive income for the year, net of income tax</b>	<b>3,229,900</b>	<b>2,722,208</b>
<b>Total comprehensive income for the year</b>	<b>10,536,246</b>	<b>4,438,858</b>

**The accompanying notes form part of these financial statements.**

# Statement of Financial Position

as at 30 June 2014

	Note	2014 \$	2013 \$
<b>Current assets</b>			
Cash and cash equivalents	4	1,585,200	496,788
Trade and other receivables	5	8,055,504	6,902,238
Financial assets	6	112,467,258	99,768,059
Other current assets	7	1,491,735	1,145,666
<b>Total current assets</b>		<b>123,599,697</b>	<b>108,312,751</b>
<b>Non-current assets</b>			
Property, plant and equipment	8	148,215,379	147,106,181
Investment property	9	52,953,670	53,851,651
Intangible assets	10	29,554,866	29,943,975
Other non current assets		1,087,596	806,241
<b>Total non-current assets</b>		<b>231,811,511</b>	<b>231,708,048</b>
<b>Total assets</b>		<b>355,411,208</b>	<b>340,020,799</b>
<b>Current liabilities</b>			
Trade and other payables	11	11,498,813	9,012,692
Provisions	12	12,477,390	11,861,577
Resident ingoings	13	122,071,014	120,553,359
<b>Total current liabilities</b>		<b>146,047,217</b>	<b>141,427,628</b>
<b>Non-current liabilities</b>			
Provisions	12	3,141,536	2,906,963
<b>Total non-current liabilities</b>		<b>3,141,536</b>	<b>2,906,963</b>
<b>Total liabilities</b>		<b>149,188,753</b>	<b>144,334,591</b>
<b>Net assets</b>		<b>206,222,455</b>	<b>195,686,209</b>
<b>Equity</b>			
Reserves	14	25,390,838	22,160,938
Retained earnings	14	180,831,617	173,525,271
<b>Total equity</b>		<b>206,222,455</b>	<b>195,686,209</b>

The accompanying notes form part of these financial statements.

**Uniting AgeWell Victoria & Tasmania**

# Statement of Changes in Equity

for the year ended 30 June 2014

	Notes	Reserves \$	Retained Surplus \$	Total \$
Balance at 1 July 2012		19,438,730	171,808,621	191,247,351
Total comprehensive income for the year		2,722,208	1,716,650	4,438,858
<b>Balance at 30 June 2013</b>	14	22,160,938	173,525,271	195,686,209
Balance at 30 June 2013		22,160,938	173,525,271	195,686,209
Total comprehensive income for the year		3,229,900	7,306,346	10,536,246
<b>Balance at 30 June 2014</b>	14	25,390,838	180,831,617	206,222,455

The accompanying notes form part of these financial statements.

# Statement of Cash Flows

for the year ended 30 June 2014

	Note	2014 \$	2013 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		38,912,953	39,992,322
Receipts from government Funding		103,731,556	95,422,111
Donations, bequests and fundraising		3,017,365	543,152
Payments to suppliers and employees		(133,697,620)	(126,547,914)
Proceeds from Grant Income		132,138	78,482
Interest received		6,402,840	7,283,181
Interest paid		(330,864)	(343,412)
Net cash provided by (used in) operating activities	15(b)	18,168,368	16,427,922
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		-	184,827
Receipts from/(payments for) deposits with UCA Funds Management		(6,362,778)	(4,054,265)
Payments for available for sale assets with UCA Funds Management		(3,106,054)	(7,471,629)
Purchase of property, plant and equipment		(7,859,440)	(5,767,641)
Payment for investment properties		(992,782)	(662,427)
Net cash provided by (used in) investing activities		(18,321,054)	(17,771,135)
<b>Cash flows from financing activities</b>			
Net receipts from (payments for) resident ingoing contributions		1,241,098	1,093,295
Net cash provided by (used in) financing activities		1,241,098	1,093,295
Net change in cash and cash equivalents held		1,088,412	(249,918)
Cash and cash equivalents at beginning of financial year		496,788	746,705
Cash and cash equivalents at end of financial year	15(a)	1,585,200	496,788

**Uniting AgeWell Victoria & Tasmania**

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# Notes to the financial statements

for the year ended 30 June 2014

## 1. Statement of significant accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with the Australian Charities and Not-for-profits Commission Act 2012, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report covers Uniting AgeWell Victoria and Tasmania (Uniting AgeWell) as an aggregated entity. Uniting AgeWell is an agency of the Uniting Church to which the Uniting Church in Australia Property Trust (Victoria) and the Uniting Church in Australia Property Trust (Tas) hold legal title. The Uniting Church in Australia Property Trust (Victoria) and the Uniting Church in Australia Property Trust (Tas) are constituted as corporations pursuant to the provision of the Uniting Church in Australia Act 1997 No. 9021 in the State of Victoria and the Uniting Church in Australia Act 1977 No. 38 in the State of Tasmania respectively.

### Basis of preparation

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets and financial instruments for which the fair value basis of accounting has been applied.

### Statement of Compliance

The financial report complies with all Australian Accounting Standards.

The following is a summary of the material accounting policies adopted by the entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

### Adoption of New Standards and Interpretations

All new and revised Standards and Interpretations issued by the Australian Accounting Standards Board which are mandatory for annual periods beginning before 1 July 2013 were adopted in the current year where applicable. The adoption of these standards have not had a significant effect on the entity's financial position or performance.

New Standards, amendments to Standards and Interpretations which have been recently issued or amended but are not yet effective have not been applied to the financial report for the current period.

None of these are expected to have a significant effect on the entity's financial position or performance.

### Basis of Aggregation

The financial report has been prepared on the basis of an aggregation of the aged care services provided by the Uniting AgeWell within the Uniting Church in Australia Synod of Victoria and Tasmania.

# Notes to the financial statements

for the year ended 30 June 2014

## 1. Statement of significant accounting policies (continued)

These services include residential (low and high care services), a range of community services (including Day Therapy centres, Day Care centres, CACP, EACH, EACHD, NRCP) and Independent Living Units across Victoria and Tasmania.

These services operate under the Approved Provider of the Uniting Church in Australia Property Trust (Victoria) and the Uniting Church in Australia Property Trust (Tas).

The aggregation does not have a parent entity as no one agency dominates decision making and has control.

Transactions between divisions have been eliminated for the purpose of preparing the aggregated financial report.

### Critical Accounting Estimates and Judgments

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make estimates, judgments and assumptions based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data. Actual results may differ from these estimates.

The accounting policies detailed in this note provide details of these estimates, judgments and assumptions.

### Property, Plant and Equipment

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

### Recognition and Disclosure of Assets

Uniting AgeWell has assumed responsibility and recorded in the statement of financial position certain land and buildings of which the Uniting Church in Australia Property Trust (Victoria) and Uniting Church in Australia Property Trust (Tas) holds legal ownership. The carrying value of land and buildings and investment property over which the Uniting Church in Australia Property Trust (Victoria) and the Uniting Church in Australia Property Trust (Tas) holds legal ownership at 30 June 2014 is \$243,388,381 (2013: \$239,012,748) less accumulated depreciation \$57,315,350 (2013: \$50,885,161).

The members of the Board of Governance are of the opinion that the criteria for the recognition of those assets as set out in the Framework for the Preparation and Presentation of Financial Statements is satisfied. That is, although the Uniting Church in Australia Property Trust (Victoria) and the Uniting Church in Australia Property Trust (Tas) holds legally enforceable rights over the relevant assets registered in its name, those assets are controlled by the aggregated entity and the future economic benefits of their use and management will flow to Uniting AgeWell.

# Notes to the financial statements

## for the year ended 30 June 2014

### 1. Statement of significant accounting policies (continued)

#### Property

Freehold land and buildings are measured at cost or deemed cost less accumulated depreciation and impairment losses. Fair value is the amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction as at the valuation date.

#### Plant and equipment

Plant and equipment are measured at cost less depreciation and impairment losses.

The cost of fixed assets constructed within the entity includes the cost of materials, direct labour, and an appropriate proportion of fixed and variable overheads.

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

#### Depreciation

The depreciable amount of all property, plant and equipment including building, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the entity commencing from the time the asset is held ready for use.

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

Asset Class	Depreciation Rate
Buildings	2 - 10%
Plant and equipment	7.5 - 25%
Motor Vehicles	20 - 40%
Furniture, Fixtures and Fittings	7.5 - 15%
Office Equipment	25 - 50%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income.



# Notes to the financial statements

for the year ended 30 June 2014

## 1. Statement of significant accounting policies (continued)

### Investment Properties

Investment property, which consists of independent living units, is held to generate deferred management fees and retentions. Investment property is carried at cost.

Independent living units' resident ingoings are recognised as a receivable and a liability at the time the resident ingoing is executed. The agreements with residents provide for Uniting AgeWell to retain retentions on a deferred basis, and the proportion of ingoings retainable is brought to account as income at the time that it becomes non-refundable to the resident. Some of the ingoings provide for Uniting AgeWell to owe a share of capital gain which is recognised as an expense progressively based upon the market value of the independent living unit as at reporting date.

### Depreciation

The depreciable amount of investment properties, but excluding land, is depreciated on a straight line basis over their useful lives to the entity commencing from the time the asset is held ready for use.

The depreciation rate used for depreciable assets are:

Asset Class	Depreciation Rate
Buildings	2 - 10%

### Financial Instruments

#### Initial recognition and measurement

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

#### Classification and subsequent measurement

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method less provision for impairment. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

Trade and other receivables are carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount less an allowance for provision for impairment.

# Notes to the financial statements

## for the year ended 30 June 2014

### 1. Statement of significant accounting policies (continued)

#### *Held-to-maturity investments*

These investments have fixed or determinable maturities, and it is the Entity's intention to hold these investments to maturity. Held-to-maturity investments held by the Entity are stated at amortised cost using the effective interest rate method.

#### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They are held at fair value with changes in fair value taken through the financial assets reserve directly to other comprehensive income.

#### *Financial liabilities*

Trade payables and resident ingoings are carried at amortised cost and represent liabilities for goods and services provided to the entity prior to the end of the financial year that are unpaid and arise when the entity becomes obliged to make future payments in respect of the purchase of these goods and services.

All financial liabilities are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised.

#### **Derecognition**

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

#### **Impairment of Assets**

At each reporting date, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

# Notes to the financial statements

for the year ended 30 June 2014

## 1. Statement of significant accounting policies (continued)

Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where the asset does not generate cash flows that are independent from other assets, the entity estimates the recoverable amount of the cash generating unit to which the asset belongs.

Intangible assets with indefinite lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

### Employee Benefits

#### *Wages, Salaries and Annual Leave*

Liabilities for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date. They are calculated at undiscounted amounts based on remuneration wage and salary rates that the entity expects to pay as at reporting date including related on costs.

#### *Long service leave*

The entity's net obligation in respect of long service leave is the amount of future benefit that employees have earned in return for their service in current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth bonds at the balance sheet date which have maturity dates approximating to the terms of the entities obligations.

### Income Tax

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

### Cash and Cash Equivalents

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

### Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

#### *Government Contributions*

Government Contributions revenue is recognised when the entity gains control over the contribution; it is probable that the economic benefits comprising the contribution will flow to the entity; and the amount of the contribution can be measured reliably.

#### *Resident/ client fees*

Revenue from resident/client fees is recognised upon the delivery of the service to the clients.

# Notes to the financial statements

## for the year ended 30 June 2014

### 1. Statement of significant accounting policies (continued)

#### *Interest revenue*

Interest revenue is recognised on an accruals basis taking into account the interest rates applicable to the financial assets.

#### *Retentions and accommodation charges*

Retentions and accommodation charges are recognised throughout the period of the resident's tenancy in accordance with the rates published by the Department of Social Services.

All other revenue is recognised when the right to receive the revenue has been established.

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

#### **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST components of Investing and Financing Activities which are disclosed as operating cash flows.

#### **Resident Ingoings**

The operation of both the low care facilities and high care facilities are governed by the Aged Care Act 1997. The operations of the independent living units are governed by the Victorian Retirement Villages Act 1986 and the Tasmanian Retirement Villages Act 2004.

Pursuant to the Aged Care Act residents of low level care may be required to lodge an accommodation bond, the value of which is subject to an asset means test. The value of these bonds are reported on an accruals basis in note 13 as a resident ingoing liability. The Aged Care Act allows a provider to retain the interest earned from these bonds and to deduct a prescribed retention amount for a maximum of five years. These monies are reported in Note 2 as interest received and retentions respectively.

Resident Ingoing amounts and related retentions and deferred management fees received from residents of independent living units are treated in the same manner as accommodation bonds received from low care residents. The current cash holdings of entry contributions and accommodation bonds have been invested with the UCA Funds Management. Uniting AgeWell has established an investment structure to enable refunds of accommodation bonds and other resident ingoing amounts to be met as required.

# Notes to the financial statements

for the year ended 30 June 2014

## 1. Statement of significant accounting policies (continued)

Accommodation bonds and other resident ingoing amounts are treated as a financial liability with a demand feature and have been discounted from the date the entry contribution or accommodation bond is required to be paid.

### Income in Advance

Revenue is recognised by drawing a distinction between the reciprocal and non reciprocal transactions in the treatment of the contribution of assets to the entity. A reciprocal transaction is deferred and reported as Income in Advance due to the non completion of the service at reporting date. A non reciprocal transaction is recognised as revenue when the entity gains control of the transfer.

### Intangible Assets

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with indefinite useful lives are not amortised. In accordance with AASB 138 Intangible Assets, bed licenses have been recognised at fair value, have been assessed as having indefinite useful lives and are not amortised.

Intangible assets with finite useful lives are amortised over the useful life. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible asset.

## Uniting AgeWell Victoria &amp; Tasmania

# Notes to the financial statements

for the year ended 30 June 2014

**2. Revenue**

	2014	2013
	\$	\$
<b>Operating activities:</b>		
- Government contributions	103,731,556	95,422,111
- Resident/client fees	30,001,270	28,270,702
- Interest	6,402,840	7,283,180
- Property income	393,445	413,941
- Retentions and accommodation charges	5,982,117	5,376,272
- Donations, bequests, fundraising	3,017,365	543,149
- Other revenue	3,256,715	3,124,357
<b>Total revenue from operating activities</b>	<b>152,785,308</b>	<b>140,433,712</b>
<b>Other Income</b>		
- Grant Income	132,138	79,238
<b>Total other income</b>	<b>132,138</b>	<b>79,238</b>

**3. Expenses**

	2014	2013
	\$	\$
<b>Depreciation and amortisation expense</b>		
- Depreciation of property, plant and equipment	6,394,327	6,355,082
- Depreciation of investment property	1,826,445	1,679,764
- Amortisation of intangibles assets	389,109	538,935
<b>Total depreciation and amortisation expense</b>	<b>8,609,881</b>	<b>8,573,779</b>
<b>Employee benefit expense</b>		
Wages, salaries	91,063,482	84,151,697
Superannuation	7,546,550	6,791,940
<b>Total employee benefit expense</b>	<b>98,610,032</b>	<b>90,943,637</b>
<b>Bad debts and impairment of debts</b>		
Impairment of debts		
Bad debts written off / (bad debts recovered)	4,711	38,103
<b>Total bad debts and impairment of debts</b>	<b>4,711</b>	<b>38,103</b>
<b>Other expenses</b>		
Remuneration of auditor:	2014	2013
	\$	\$
- Audit of the financial statements	91,000	88,250
- Preparation of the financial statements	11,750	11,500
- Audit of acquittals and prudentials	13,000	17,000
<b>Total remuneration of auditor</b>	<b>115,750</b>	<b>116,750</b>

# Notes to the financial statements

## for the year ended 30 June 2014

### 4. Cash and cash equivalents

	2014	2013
	\$	\$
Cash on hand	16,622	17,773
Cash at bank	1,568,578	479,015
<b>Total cash and cash equivalents</b>	<b>1,585,200</b>	<b>496,788</b>

The effective interest rate on cash at bank was 1.40% (2013: 0.35%); these deposits are at call.

### 5. Trade and other receivables

	2014	2013
	\$	\$
<b>Current</b>		
Trade receivables	6,958,094	6,046,282
Provision for impairment of trade receivables	(347,219)	(331,151)
Other receivables	1,444,629	1,187,107
<b>Total trade and other receivables</b>	<b>8,055,504</b>	<b>6,902,238</b>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The following basis has been used to assess the doubtful debt required for trade receivables:

- an individual account by account assessment based on past credit history; and
- any prior knowledge of debtor insolvency or other credit risk.

As at 30 June 2014, trade receivables with a carrying amount of \$36,338 (2013: \$40,541) for the entity were past due but not doubtful. These trade receivables are not considered doubtful as they comprise clients who were expected to pay shortly after balance date and are therefore considered recoverable.

Included in the balance of trade receivables are unpaid resident ingoing contributions. Whilst these do not have specific payment terms, interest is accrued on outstanding amounts in accordance with the relevant approved resident agreements.



# Notes to the financial statements

for the year ended 30 June 2014

## 5. Trade and other receivables (continued)

An allowance has been made for estimated irrecoverable trade receivable amounts arising from the past provision of services, determined by reference to past default experience. During the current financial year, the allowance for doubtful debts increased by \$96,300 (2013: decreased by \$127,206). This movement was recognised in Trade Receivables, (the impact on the statement of comprehensive income had been predominantly recognised in previous financial years).

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements. The entity does not hold any collateral as security over any receivable balance.

Refer to note 18 for more information on the risk management policy of the entity.

## 6. Financial assets

	2014	2013
	\$	\$
<b>Held to maturity:</b>		
Deposits with UCA Funds Management (at amortised cost)	66,105,353	59,517,775
<b>Available for sale:</b>		
Investments with UCA Funds Management (at fair value) (a)	46,361,905	40,250,284
<b>Total financial assets</b>	<b>112,467,258</b>	<b>99,768,059</b>

(a) Available-for-sale financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments.

## 7. Other assets

	2014	2013
	\$	\$
<b>Current</b>		
Prepayments	1,147,526	1,046,041
Other Assets	10,933	8,883
Accrued Income	333,276	90,742
<b>Total other assets - current</b>	<b>1,491,735</b>	<b>1,145,666</b>



**Uniting AgeWell Victoria & Tasmania**

# Notes to the financial statements

for the year ended 30 June 2014

## 8. Property, plant and equipment

	2014 \$	2013 \$
Freehold land - at cost	23,012,699	23,012,699
Buildings - at cost	155,885,477	151,426,888
Less: accumulated depreciation	(44,778,815)	(40,163,650)
<b>Total land and buildings</b>	<b>134,119,361</b>	<b>134,275,937</b>
Plant and equipment - at cost	11,290,531	11,771,322
Less: accumulated depreciation	(5,140,594)	(5,993,827)
	<b>6,149,937</b>	<b>5,777,495</b>
Motor Vehicles - at cost	1,777,060	1,646,327
Less: accumulated depreciation	(1,309,998)	(1,443,760)
	<b>467,062</b>	<b>202,567</b>
Computer Equipment - at cost	152,589	782,881
Less: accumulated depreciation	(142,082)	(751,329)
	<b>10,507</b>	<b>31,552</b>
Furniture, Fixtures and Fittings - at cost	6,918,103	7,398,740
Less: accumulated depreciation	(2,265,753)	(2,733,133)
	<b>4,652,350</b>	<b>4,665,607</b>
Capital works in progress	2,816,162	2,153,023
<b>Total property, plant and equipment</b>	<b>148,215,379</b>	<b>147,106,181</b>

# Notes to the financial statements

## for the year ended 30 June 2014

### 8. Property, plant and equipment (continued)

#### Movements in carrying amounts

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

	Land \$	Buildings \$	Plant & equipment \$	Motor vehicles \$	Computer equipment \$	Furniture, fixtures & fittings \$	Capital Work in Progress \$	Total \$
Carrying amount at 1 July 2012	24,414,319	116,860,190	5,146,633	354,002	11,590	4,340,224	674,902	151,801,860
Additions	-	1,237,295	1,668,046	125,766	10,533	988,453	1,737,548	5,767,641
Disposals	-	(49,482)	(109,261)	(32,575)	(83)	(32,597)	-	(223,998)
Transfer to Investment Property	(1,401,619)	(2,223,194)	-	-	-	-	-	(3,624,813)
Reclassification in Asset Type	-	(1,759)	(94,858)	-	94,858	1,759	(259,427)	(259,427)
Depreciation Expense	-	(4,559,813)	(833,065)	(244,626)	(85,346)	(632,232)	-	(6,355,082)
Carrying amount at 30 June 2013	23,012,699	111,263,237	5,777,495	202,567	31,552	4,665,607	2,153,023	147,106,181
Additions	-	1,673,313	994,419	402,628	5,274	605,401	4,178,405	7,859,440
Disposals	-	(63,957)	(155,218)	(14,323)	(3,354)	(139,724)	-	(376,576)
Transfer from Investment Property	-	20,661	-	-	-	-	-	20,661
Reclassification in Asset Type	-	-	8,500	-	(8,500)	-	-	-
Capitalisation of work in progress	-	2,949,802	405,814	-	-	159,650	(3,515,266)	-
Depreciation Expense	-	(4,736,395)	(881,073)	(123,810)	(14,465)	(638,584)	-	(6,394,327)
Carrying amount at 30 June 2014	23,012,699	111,106,662	6,149,937	467,062	10,507	4,652,350	2,816,162	148,215,379

### 9. Investment Property

	2014 \$	2013 \$
Investment Property - at cost	65,490,205	64,573,162
Less: accumulated depreciation	(12,536,535)	(10,721,511)
<b>Total land and buildings</b>	<b>52,953,670</b>	<b>53,851,651</b>

#### Movements in carrying amounts

Balance at the beginning of the year	53,851,651	51,269,684
Additions	992,782	662,427
Disposals	(43,657)	(25,548)
Reclassification of Investment Property to PPE	(20,661)	3,624,813
Depreciation expense	(1,826,445)	(1,679,764)
Balance at the end of the year	52,953,670	53,851,651

## Uniting AgeWell Victoria &amp; Tasmania

# Notes to the financial statements

## for the year ended 30 June 2014

**10. Intangible assets**

	2014 \$	2013 \$
Bed Licences - at deemed cost	29,450,000	29,450,000
	<b>29,450,000</b>	<b>29,450,000</b>
Software Development - at cost	4,247,434	4,247,434
Less: accumulated amortisation	(4,142,568)	(3,753,459)
	<b>104,866</b>	<b>493,975</b>
<b>Total intangible assets</b>	<b>29,554,866</b>	<b>29,943,975</b>

**Movements in carrying amounts**

	Bed licenses \$	Software development \$	Total \$
<b>Gross carrying amount</b>			
Balance at 1 July 2012	29,450,000	4,247,434	33,697,434
Additions	-	-	-
Disposals	-	-	-
Balance at 30 June 2013	29,450,000	4,247,434	33,697,434
Additions	-	-	-
Disposals	-	-	-
Balance at 30 June 2014	29,450,000	4,247,434	33,697,434
<b>Accumulated amortisation and impairment</b>			
Balance at 1 July 2012	-	3,214,525	3,214,525
Amortisation expense	-	538,935	538,935
Balance at 30 June 2013	-	3,753,459	3,753,459
Amortisation expense	-	389,109	389,109
Balance at 30 June 2014	-	4,142,568	4,142,568
<b>Net book value</b>			
As at 30 June 2013	29,450,000	493,975	29,943,975
As at 30 June 2014	29,450,000	104,866	29,554,866

*Valuation of bed licences*

The entity's bed licences were initially recognised at fair value, which was considered to be the deemed cost.

On an annual basis the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the carrying amount to determine whether there is any impairment. On this basis, no impairment loss has been recognised in the current or prior year.

*Software development costs*

Development costs have been capitalised at cost. This intangible asset has been assessed as having a finite life and is amortised using the straight line method over a period of 5 years. If an impairment indicator arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

# Notes to the financial statements

for the year ended 30 June 2014

	2014	2013
	\$	\$
<b>11. Trade and other payables</b>		
<b>Current</b>		
Trade payables	4,600,413	3,354,948
Sundry payables and accrued expenses	6,700,960	5,504,489
Payable to related party - Uniting Church in Australia	197,440	153,255
<b>Total trade and other payables</b>	<b>11,498,813</b>	<b>9,012,692</b>

Trade payables and sundry creditors and accrued expenses are non interest bearing liabilities. Trade creditor payments are processed once they have reached 30 days from the date of invoice for electronic funds transfer payments or cheque payment or 30 days from the end of the month of invoice for other payments. No interest is charged on trade payables.

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

## 12. Provisions

	2014	2013
	\$	\$
<b>Current</b>		
Employee benefits	11,205,253	10,807,709
Resident capital gain	1,272,137	1,053,868
<b>Provisions - current</b>	<b>12,477,390</b>	<b>11,861,577</b>
<b>Non-current</b>		
Employee benefits	3,141,536	2,906,963
<b>Provisions - non-current</b>	<b>3,141,536</b>	<b>2,906,963</b>

## 13. Resident Ingoings

	2014	2013
	\$	\$
<b>Current</b>		
Resident Ingoings	122,071,014	120,553,359
<b>Total resident ingoings</b>	<b>122,071,014</b>	<b>120,553,359</b>

**Uniting AgeWell Victoria & Tasmania**

# Notes to the financial statements

for the year ended 30 June 2014

## 14. Reserve and Retained Earnings

The general reserve includes cumulative fair value changes on available-for-sale investments until the investment is derecognised.

The asset revaluation reserve is used to record increases in the fair value of buildings and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in equity.

The Specific Reserve records amounts that have been set aside to fund specific items or projects.

	2014	2013
	\$	\$
<b>Retained earnings</b>		
Movements in retained earnings were as follows:		
Balance at 1 July	173,525,271	171,808,621
Net surplus/(loss) for the year	7,306,346	1,716,650
Balance at 30 June	180,831,617	173,525,271
<b>General Reserve</b>		
At 1 July	17,715,454	14,993,246
Increase/(decrease) in market value of available-for-sale investments	3,229,900	2,722,208
As at 30 June	20,945,354	17,715,454
<b>Specific reserves</b>		
At 1 July	4,229,310	4,229,310
As at 30 June	4,229,310	4,229,310
<b>Asset revaluation reserve</b>		
At 1 July	216,174	216,174
As at 30 June	216,174	216,174
	25,390,838	22,160,938

## Uniting AgeWell Victoria &amp; Tasmania

# Notes to the financial statements

for the year ended 30 June 2014

**15. Cash flow information**

	2014	2013
	\$	\$

**a. Reconciliation of cash**

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash on hand	16,622	17,773
Cash at bank	1,568,578	479,015
<b>Total cash and cash equivalents</b>	<b>1,585,200</b>	<b>496,788</b>

**b. Reconciliation of cash flow from operations with surplus after income tax**

Surplus after income tax	7,306,346	1,716,650
Non-cash flows in profit:		
- Depreciation & amortisation	8,609,881	8,573,780
- Net (gain) / loss on disposal of property, plant and equipment	419,769	196,361
Changes in assets and liabilities		
- (Increase)/decrease in trade and other receivables	(1,427,454)	3,034,833
- (Increase)/decrease in prepayments	(76,680)	(43,403)
- Increase/(decrease) in trade and other payables	2,486,120	1,547,647
- Increase/(decrease) in provisions	850,386	1,402,053
	<b>18,168,368</b>	<b>16,427,922</b>

## Uniting AgeWell Victoria & Tasmania

# Notes to the financial statements

## for the year ended 30 June 2014

### 16. Contingent assets and liabilities

The members of the Board of Governance are not aware of any material contingent liabilities that exist at 30 June 2014 (2012: Nil).

### 17. Entity details

The registered office and principal place business of the entity is:

Uniting AgeWell Victoria and Tasmania  
130 Little Collins Street  
Melbourne Vic 3000

### 18. Financial Risk Management

#### Financial Risk Management Policies

The entity's financial instruments consist of deposits with banks, investments in managed funds in UCA Funds Management, equity securities and accounts receivable and payable.

The main purpose for non derivative financial instruments is to finance the ongoing operations of the entity.

#### (i) Treasury Risk Management

Senior executives and Finance Committee members of the aggregated entity meet on a regular basis to analyse financial risk exposure and to evaluate management strategies in the context of the most recent economic conditions and forecasts.

The committee's overall risk management strategy seeks to assist the aggregated entity in meeting its financial targets, whilst minimising potential adverse effects on financial performance. The Finance Committee operates under policies approved by the Board. Risk Management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

#### (ii) Financial Risk Exposures and Management

The main risks the entity is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

# Notes to the financial statements

## for the year ended 30 June 2014

### 18 Financial Risk Management (continued)

#### *Interest rate risk*

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. For further details on interest rate risk refer to Note 18(c).

#### *Liquidity Risk*

The entity manages liquidity risk by monitoring forecast cash flows and ensuring legislative requirements are met regarding liquidity of accommodation bonds held.

#### *Credit risk*

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and noted to the financial statements. In the case of accommodation bonds and other resident ingoing debtors, the maximum exposure to credit risk is the carrying amount of uncollected periodic retentions and accumulated interest.

The entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the entity.

#### *Other Price Risk*

The entity is exposed to other price risk in respect to its investments in managed funds in UCA Funds Management and equity securities (see note 6).

The risk that the managed funds and equity securities will fluctuate due to changes in market conditions is noted in note 18(c).



# Notes to the financial statements

for the year ended 30 June 2014

## 18 Financial Risk Management (continued)

### (a) Financial Instruments composition and maturity analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the statement of financial position date and the periods in which they reprice.

	Weighted Average Effective Interest rate		Floating interest rate		Non Interest Bearing		Total	
	2014 %	2013 %	2014 \$ '000	2013 \$ '000	2014 \$ '000	2013 \$ '000	2014 \$ '000	2013 \$ '000
<b>Financial assets</b>								
<i>Current</i>								
Cash	1.40%	0.35%	1,569	479	17	18	1,585	497
Bond Receivables	6.65%	7.37%	6,248	5,715	-	-	6,248	5,715
Other receivables	-	-	-	-	1,444	1,187	1,444	1,187
Available for sale financial assets	-	-	-	-	46,362	40,250	46,362	40,250
Held to maturity financial assets	4.20%	5.18%	66,105	59,518	-	-	66,105	59,518
			<u>73,922</u>	<u>65,712</u>	<u>47,823</u>	<u>41,455</u>	<u>121,744</u>	<u>107,167</u>
<b>Financial liabilities</b>								
<i>Current</i>								
Trade and sundry payables	-	-	-	-	11,499	9,013	11,499	9,013
Resident ingoings	-	-	-	-	122,071	120,553	122,071	120,553
			<u>-</u>	<u>-</u>	<u>133,570</u>	<u>129,566</u>	<u>133,570</u>	<u>129,566</u>

Trade and other payables are expected to be paid within 3 months.

### (b) Net fair values

Fair values are materially in line with carrying values.

The net fair values of managed funds have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying values. No financial assets or financial liabilities are readily traded on organised markets in standardised form other than managed funds. Financial assets where the carrying amount exceeds net fair values have not been written down as the entity intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

# Notes to the financial statements

## for the year ended 30 June 2014

### 18 Financial Risk Management (continued)

#### (c) Sensitivity Analysis

The entity has performed a sensitivity analysis relating to its exposure to interest rate risk and other price risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

#### Interest Rate Risk Sensitivity Analysis

At 30 June 2014, the effect on surplus and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Change in Surplus		Change in Equity	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
- Increase in interest rate by 2% (2013: 2%)	1,478	1,314	1,478	1,314
- Decrease in interest rate by 2% (2013: 2%)	(1,478)	(1,314)	(1,478)	(1,314)

#### Other Price Risk Sensitivity Analysis

At 30 June 2014, the effect on surplus and equity as a result of changes in market conditions impacting upon the entity in managed funds which includes listed investments with all other variables constant would be as

	Change in Surplus		Change in Equity	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
- Increase in volatility by 20% (2013: 20%)	9,272	8,050	9,272	8,050
- Decrease in volatility by 20% (2013: 20%)	(9,272)	(8,050)	(9,272)	(8,050)

**Uniting AgeWell Victoria & Tasmania**

# Notes to the financial statements

for the year ended 30 June 2014

**19 Capital and Leasing Commitments**

	2014	2013
	\$	\$
<b>Capital expenditure commitments contracted for:</b>		
Re-development of properties and development of clinical care management system		
- less than 12 months	1,284,000	3,683,846
- greater than 12 months	-	642,000
	<u>1,284,000</u>	<u>4,325,846</u>

The entity has committed to development of the IT system for both UA Victoria and Tasmania.

**20 Related Party Transactions**
**(a) Uniting Church in Australia Synod of Victoria and Tasmania**

Interest was received, on normal commercial terms, by the entity of \$5,734,059 (2013: \$6,536,783) from UCA Funds Management, a division of the Synod. This interest was received in relation to deposits held on behalf of the entity (as disclosed in Note 6).

**(b) Russell Kennedy**

Legal fees of \$81,580 (2013: \$146,667) were paid to Russell Kennedy on normal commercial terms. Ms Libby Pallot (Principal) is a member of the Board of Governance, who is an employee of this firm.

**(c) Ernst and Young**

Consultancy fees of \$Nil (2013: \$1,185) were paid to Ernst and Young on normal commercial terms. Ms Fiona Campbell (Partner) and Ms Julie Langdon (Principal) are members of the Audit and Risk Committee.

**(d) Reverend Allan Thompson**

Consultancy services of \$Nil (2013: \$3,710) were purchased from Reverend Allan Thompson on normal commercial terms. Reverend Thompson, is a member of the Board of Governance.

**(e) WJ Quinn Consulting**

Travel and course reimbursements of \$8,352 (2013: \$Nil) were paid to WJ Quinn on normal commercial terms. Ms Wendy Quinn is a member of the Board of Governance, and owner of this firm.

**21 Key Management Personnel**

The total of remuneration paid or provided for key management personnel of the entity during the year are as follows:

	2014	2013
	\$	\$
Short-term employee benefits	1,874,658	1,421,785
Post employment benefits	171,496	125,080
Termination benefits	108,971	11,315
	<u>2,155,125</u>	<u>1,663,231</u>

# Notes to the financial statements

for the year ended 30 June 2014

## 22 Segment note

The following segment note has been prepared in accordance with the regulations of Residential Care Subsidy Principles 1997.

Revenue	2014	2013	Expenses	2014	2013
Government Subsidies	83,924,868	76,693,658	Care employee expenses**	(58,957,904)	(55,882,416)
Resident Charges	27,756,170	25,752,415	Other Employee expenses	(16,829,473)	(14,610,975)
Capital Grants	-	-	Management fees	(10,875,112)	(9,968,209)
Bond Retentions	1,053,086	1,123,239	Interest expense	(320,999)	(344,212)
Interest Income	4,019,303	5,039,680	Depreciation & amortisation	(6,815,566)	(6,518,859)
Donations	672,656	229,345	Other*	(21,126,362)	(22,664,272)
Other*	465,048	557,250			
<b>Total Revenue</b>	<b>117,891,131</b>	<b>109,395,587</b>	<b>Total Expense</b>	<b>(114,925,416)</b>	<b>(109,988,943)</b>
<b>Segment result</b>				<b>2,965,715</b>	<b>(593,356)</b>

Segment Assets:	2014	2013	Segment Liabilities:***	2014	2013
Segment current assets	69,559,546	50,360,601	Segment current liabilities	(83,987,249)	(86,721,207)
Segment non-current assets	160,720,448	161,938,399	Segment non-current liabilities	-	(252,555)
<b>Segment Net Assets:</b>				<b>146,292,745</b>	<b>125,325,237</b>

Segment Liabilities included above:

Accommodation bond liabilities	(82,697,020)	(84,475,518)
Interest-bearing borrowings	-	-

\* notes to explain significant one off revenue & expense items

\*\* includes Agency costs

\*\*\* should include accommodation bonds & total segment borrowings

Other\*

Other\*

Other Recurring Revenue	465,048	557,250	Other Recurring Expenses	(21,126,362)	(22,664,272)
<b>Total</b>	<b>465,048</b>	<b>557,250</b>	<b>Total</b>	<b>(21,126,362)</b>	<b>(22,664,272)</b>

## 23 Events after balance date

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



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## **Independent Auditor's Report To the Victorian & Tasmanian Synod of the Uniting Church in Australia**

We have audited the accompanying financial report of Uniting AgeWell Victoria and Tasmania (the “aggregated entity”), which comprises the statement of financial position as at 30 June 2014, 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 to the financial report and the statement by the Board of Governance of the aggregated entity.

### **Board of Governance responsibility for the financial report**

The Board of Governance of the aggregated entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards. The Board of Governance’s responsibility also includes such internal control as the Board of Governance 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 us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

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In making those risk assessments, the auditor considers internal control relevant to the aggregated entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the aggregated entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Governance, 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.

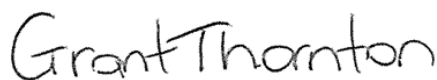
**Independence**

In conducting our audit, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board.

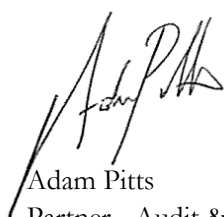
**Auditor's opinion**

In our opinion, the financial report of Uniting AgeWell Victoria and Tasmania:

- a presents fairly, in all material respects, the aggregated entity's financial position as at 30 June 2014 and of its performance and cash flows for the year then ended; and
- b complies with Australian Accounting Standards.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



Adam Pitts  
Partner - Audit & Assurance

Melbourne, 30 September 2014