

Uniting AgeWell Victoria  
and Tasmania  
Annual Report

30 June 2015

ABN: 39 703 442 583

NAPS ID: 581

ABN: 88 774 033 774

NAPS ID: 2615

## **Uniting AgeWell Victoria & Tasmania**

# Board of Governance Report

Your members of the Board of Governance present their report on the entity for the financial year ended 30 June 2015.

### **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 Ian Sanders  
Rev Allan Thompson  
Rev Dr Mark Lawrence  
Mrs Wendy Quinn  
Ms Fiona Campbell  
Ms Julia Langdon  
Ms Anna Martiniello  
Ms Sabine Phillips

### **Principal activities**

The principal activities of the entity during the financial year was; the provision of senior 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 people 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.
- 2: An expression of the church.
- 3: An innovative and sustainable organisation.
- 4: Empower our people, strengthen our culture.
- 5: Beyond compliance to excellence.
- 6: Grow and develop 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**

Rev Allan Thompson

Board member since December 2008

Board Chairperson since 28 October 2014

Remuneration & Nominations Committee Chairperson since March 2015

Ex officio member of all Board Committees

- Qualifications - Bachelor of Arts, Bachelor of Divinity, Member AICD

Dr Cathy Balding

Board member since March 2010

Quality and Safety Committee Chairperson since May 2010

- Qualifications - PhD (Business Administration), Master of Business (Health Administration), Associate Diploma, Medical Record Administration, Graduate AICD

Ms Karen Janiszewski

Board member 2005 to November 2014

Property & Development Committee Chairperson February 2011

- Qualifications - Bachelor of Applied Science in Building Technology, Graduate Diploma in Property Development Management, Graduate Diploma in Project Management, Graduate AICD

Mrs Jill Linklater

Board member since March 2010

Quality & Safety Committee member since May 2010

Remuneration & Nominations Committee member since September 2010

- Qualifications - Graduate Diploma Health & Medical Law , Master of Health Administration, Emergency Community (Health) Planning Certificate Canada, Bachelor of Science in Nursing, Graduate AICD

Ms Libby Pallot

Board member 2006 to March 2015

Remuneration & Nominations Committee Chair September 2010 to March 2015

- Qualifications - Bachelor of Arts, Bachelor of Laws with Honours, Graduate AICD

Ms Sabine Phillips

Board member since March 2015

Audit & Risk Committee Member since April 2015

- Qualifications – Master of Laws, Master of Business, Bachelor of Applied Science, Registered Nurse, Certificate in Mediation and Conciliation, Graduate AICD

Mr Ian Sanders

Board member since August 2012

Finance Committee Chairperson since April 2013

Audit & Risk Committee member since September 2012

- Qualifications - Bachelor of Science (London), Master of Business Administration, Graduate AICD

Rev Dr Mark Lawrence

Synod General Secretary

Ex Officio Board Member since November 2012

Mission Committee Member since November 2012

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

Ms Anna Martiniello

Board member December 2014 to June 2015

Property & Development Committee Chair February to June 2015

- Qualifications – Graduate Certificate in Property, Bachelor of Architecture, Bachelor of Building, Bachelor of Applied Science

Mrs Wendy Quinn

Board member since December 2012

Mission Committee Chairperson since February 2015

Quality & Safety Committee member since May 2013

- Qualifications - Master of Health Science, Developmental Disabilities, Post Graduate Certificate; Australian Competent Manager Program, Bachelor of Applied Science OT (degree completion), Diploma of Occupational Therapy, Graduate AICD

Ms Fiona Campbell

Board member since October 2013

Finance Committee member since November 2013

- Qualifications - Bachelor of Commerce (Accounting, Law and Information Technology), Deakin University, Graduate AICD

Ms Julia Langdon

Board Member since October 2013

Audit & Risk Committee Chairperson since November 2013

- Qualifications - Bachelor of Science and a Bachelor of Commerce from the University of Melbourne

Dr Alan Wilkinson

Board Member since August 2007

Board Chairperson November 2007 to 28 October 2014

Mission Committee member since February 2015

Property & Development Committee member since February 2015

- Qualifications - Bachelor of Engineering, Bachelor of Arts (History & Politics), PhD (International Relations), Graduate AICD

### 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	8
Fiona Campbell	10	8
Karen Janiszewski	5	3
Julia Langdon	10	6
Rev Dr Mark Lawrence	10	7
Jill Linklater	10	9
Anna Martiniello	5	4
Libby Pallot	6	4
Sabine Phillips	4	3
Wendy Quinn	10	10
Ian Sanders	10	7
Rev Allan Thompson	10	8
Dr Alan Wilkinson	10	10

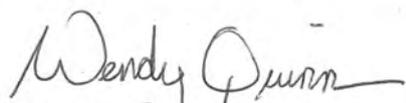
Member	Number of meetings attended / Number of Meetings eligible to attend					
	Audit & Risk Committee	Finance Committee	Mission Committee	Property & Development Committee	Quality & Safety Committee	Remuneration & Nominations Committee
Cathy Balding	-	-	-	-	4/4	-
Fiona Campbell	-	3/6	-	-	-	-
Karen Janiszewski	-	-	-	2/2	-	-
Julia Langdon	5/5	-	-	-	-	-
Rev Dr Mark Lawrence	-	-	4/5	-	-	5/6
Jill Linklater	-	-	-	-	3/4	3/6
Anna Martiniello	-	-	-	3/4	-	-
Libby Pallot	-	-	-	-	-	4/4
Sabine Phillips	1/2	-	-	-	-	-
Wendy Quinn	-	-	5/5	-	3/4	-
Ian Sanders	4/5	6/6	-	-	-	-
Rev Allan Thompson	2/2	2/5	3/5	1/4	2/3	4/5
Dr Alan Wilkinson	2/3	1/1	5/5	4/4	1/2	4/4

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.

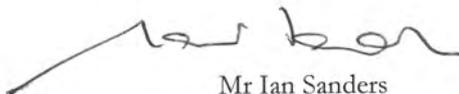
### Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2015 has been received and can be found on page 8 of the financial report.

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



Mrs Wendy Quinn  
Acting Chairperson



Mr Ian Sanders  
Board Member

Dated

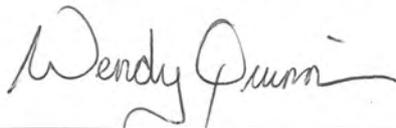
29/9/15

# Statement by the Board of Governance

The Board of Governance declares that:

1. The attached financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, are in accordance with the Australian Charities and Not-for-Profits Commission Act 2012 and:
  - (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not-for-Profits Commission Regulation 2013; and
  - (b) give a true and fair view of the entity's financial position as at 30 June 2015 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.



Mrs Wendy Quinn  
Acting Chairperson



Mr Ian Sanders  
Board Member

29 / 9 / 15

Dated

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

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-Profits Commission Act 2012*, as lead auditor for the audit of Uniting AgeWell Victoria and Tasmania for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Australian Charities and Not-for-Profits Commission Act 2012* in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



Adam Pitts  
Partner - Audit & Assurance

Melbourne, 29 September 2015

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**Uniting AgeWell Victoria & Tasmania**

# Statement of Profit or Loss

for the year ended 30 June 2015

	Note	2015 \$	2014 \$
Revenue	2	<b>155,684,792</b>	152,785,308
Other Income	2	<b>9,330</b>	132,138
Care expenses		<b>81,744,449</b>	79,393,493
Hotel expenses		<b>22,162,984</b>	21,994,920
Administrative expenses		<b>36,285,204</b>	33,913,203
Finance costs		<b>320,472</b>	330,864
Other expenses		<b>9,507,685</b>	9,978,620
Surplus before income tax		<b>5,673,328</b>	7,306,346
less:			
Income tax expense	1	-	-
<b>Surplus for the year</b>		<b>5,673,328</b>	7,306,346

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

**Uniting AgeWell Victoria & Tasmania**

# Statement of Comprehensive Income

for the year ended 30 June 2015

	2015	2014
	\$	\$
Surplus for the year	5,673,328	7,306,346
Other comprehensive income:		
Available-for-sale financial assets		
- current year gains/(losses)	3,115,515	3,229,900
<b>Other comprehensive income for the year, net of income tax</b>	<b>3,115,515</b>	<b>3,229,900</b>
<b>Total comprehensive income for the year</b>	<b>8,788,843</b>	<b>10,536,246</b>

**Uniting AgeWell Victoria & Tasmania**

# Statement of Financial Position

**as at 30 June 2015**

	Note	2015 \$	2014 \$
<b>Current assets</b>			
Cash and cash equivalents	4	1,747,286	1,585,200
Trade and other receivables	5	5,666,097	8,055,504
Financial assets	6	133,038,859	112,467,258
Other current assets	7	1,247,235	1,491,735
<b>Total current assets</b>		<b>141,699,477</b>	<b>123,599,697</b>
<b>Non-current assets</b>			
Property, plant and equipment	8	154,406,235	148,215,379
Investment property	9	49,954,999	52,953,670
Intangible assets	10	29,500,000	29,554,866
Other non current assets		1,288,529	1,087,596
<b>Total non-current assets</b>		<b>235,149,763</b>	<b>231,811,511</b>
<b>Total assets</b>		<b>376,849,240</b>	<b>355,411,208</b>
<b>Current liabilities</b>			
Trade and other payables	11	11,975,444	11,498,813
Provisions	12	13,670,584	12,477,390
Resident ingoings	13	132,502,331	122,071,014
<b>Total current liabilities</b>		<b>158,148,359</b>	<b>146,047,217</b>
<b>Non-current liabilities</b>			
Provisions	12	3,689,583	3,141,536
<b>Total non-current liabilities</b>		<b>3,689,583</b>	<b>3,141,536</b>
<b>Total liabilities</b>		<b>161,837,942</b>	<b>149,188,753</b>
<b>Net assets</b>		<b>215,011,298</b>	<b>206,222,455</b>
<b>Equity</b>			
Reserves	14	28,506,353	25,390,838
Retained earnings	14	186,504,945	180,831,617
<b>Total equity</b>		<b>215,011,298</b>	<b>206,222,455</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 2015

	Notes	Reserves \$	Retained Surplus \$	Total \$
Balance at 1 July 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	<b>206,222,455</b>
Balance at 1 July 2014		25,390,838	180,831,617	206,222,455
Total comprehensive income for the year		3,115,515	5,673,328	8,788,843
Transfers		-	-	-
<b>Balance at 30 June 2015</b>	14	28,506,353	186,504,945	<b>215,011,298</b>

The accompanying notes form part of these financial statements.

**Uniting AgeWell Victoria & Tasmania**

# Statement of Cash Flows

**for the year ended 30 June 2015**

	Note	2015	2014
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers		<b>42,160,635</b>	38,912,953
Receipts from government Funding		<b>107,678,397</b>	103,731,556
Donations, bequests and fundraising		<b>1,217,763</b>	3,017,365
Payments to suppliers and employees		<b>(138,400,584)</b>	(133,697,620)
Proceeds from Grant Income		<b>9,330</b>	132,138
Interest received		<b>7,207,138</b>	6,402,840
Interest paid		<b>(320,472)</b>	(330,864)
Net cash provided by (used in) operating activities		<b>19,552,207</b>	18,168,368
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		-	-
Receipts from/(payments for) deposits with UCA Funds Management		<b>(14,969,591)</b>	(6,362,778)
Payments for available for sale assets with UCA Funds Management		<b>(2,486,497)</b>	(3,106,054)
Purchase of property, plant and equipment		<b>(12,066,158)</b>	(7,859,440)
Payment for investment properties		<b>(98,259)</b>	(992,782)
Net cash provided by (used in) investing activities		<b>(29,620,505)</b>	(18,321,054)
<b>Cash flows from financing activities</b>			
Net receipts from (payments for) resident ingoing contributions		<b>10,230,384</b>	1,241,098
Net cash provided by (used in) financing activities		<b>10,230,384</b>	1,241,098
Net change in cash and cash equivalents held		<b>162,086</b>	1,088,412
Cash and cash equivalents at beginning of financial year		<b>1,585,200</b>	496,788
Cash and cash equivalents at end of financial year		<b>1,747,286</b>	1,585,200

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

**Uniting AgeWell Victoria & Tasmania**

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# Notes to the financial statements

## for the year ended 30 June 2015

### **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 - Reduced Disclosure Requirements 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 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.

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.

## Uniting AgeWell Victoria & Tasmania

# Notes to the financial statements

## for the year ended 30 June 2015

### 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 - Reduced Disclosure Requirements 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 2015 is \$241,703,526 (2014: \$243,388,381) less accumulated depreciation \$63,899,041 (2013: \$57,315,350).

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 2015

### 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 2015

### 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 2015

### 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 2015

### 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.

# Notes to the financial statements

## for the year ended 30 June 2015

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

#### *Resident/ client fees*

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

#### *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 may be required to lodge a refundable accommodation deposit (RAD's), the value of which is subject to an asset and income means test. The value of these RAD's are reported in note 13 as a resident incoming liability. The Aged Care Act allows a provider to retain the interest earned from these bonds.

Resident Ingoing amounts and related retentions and deferred management fees are received from residents of independent living units. The current cash holdings of entry contributions and RAD's have been invested with the UCA Funds Management. Uniting AgeWell has established an investment structure to enable refunds of RAD's and other resident incoming amounts to be met as required.

# Notes to the financial statements

## for the year ended 30 June 2015

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

#### **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.

#### **Change in comparative balances**

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

**Uniting AgeWell Victoria & Tasmania**

# Notes to the financial statements

for the year ended 30 June 2015

## 2. Revenue

	2015	2014
	\$	\$
<b>Operating activities:</b>		
- Government contributions	107,678,397	103,731,556
- Resident/client fees	30,229,122	30,001,270
- Interest	7,207,138	6,402,840
- Property income	567,523	393,445
- Retentions and accommodation charges	5,167,281	5,982,117
- Donations, bequests, fundraising	1,217,763	3,017,365
- Other revenue	3,617,568	3,256,715
<b>Total revenue from operating activities</b>	<b>155,684,792</b>	<b>152,785,308</b>

### Other Income

- Grant Income	9,330	132,138
<b>Total other income</b>	<b>9,330</b>	<b>132,138</b>

## 3. Expenses

	2015	2014
	\$	\$
<b>Depreciation and amortisation expense</b>		
- Depreciation of property, plant and equipment	7,183,744	6,394,327
- Depreciation of investment property	1,788,488	1,826,445
- Amortisation of intangibles assets	104,866	389,109
<b>Total depreciation and amortisation expense</b>	<b>9,077,098</b>	<b>8,609,881</b>

### Employee benefit expense

Wages, salaries	93,054,867	91,063,482
Superannuation	8,036,005	7,546,550
<b>Total employee benefit expense</b>	<b>101,090,872</b>	<b>98,610,032</b>

### Bad debts and impairment of debts

Impairment of debts		
Bad debts written off / (bad debts recovered)	27,032	4,711
<b>Total bad debts and impairment of debts</b>	<b>27,032</b>	<b>4,711</b>

**Uniting AgeWell Victoria & Tasmania**

# Notes to the financial statements

for the year ended 30 June 2015

## 4. Cash and cash equivalents

	2015	2014
	\$	\$
Cash on hand	16,322	16,622
Cash at bank	1,730,964	1,568,578
<b>Total cash and cash equivalents</b>	<b>1,747,286</b>	<b>1,585,200</b>

The effective interest rate on cash at bank was 0.9% (2014: 1.40%); these deposits are at call.

## 5. Trade and other receivables

	2015	2014
	\$	\$
<b>Current</b>		
Trade receivables	4,344,170	6,958,094
Provision for impairment of trade receivables	(275,861)	(347,219)
Related party receivables	22,299	-
Other receivables	1,575,489	1,444,629
<b>Total trade and other receivables</b>	<b>5,666,097</b>	<b>8,055,504</b>

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.

The Uniting AgeWell Victoria & Tasmania accounts are an aggregation of the two entities and as a result the intercompany receivables and payables between the two entities have been eliminated.

## 6. Financial assets

	2015	2014
	\$	\$
<b>Held to maturity:</b>		
Deposits with UCA Funds Management (at amortised cost)	81,074,944	66,105,353
<b>Available for sale:</b>		
Investments with UCA Funds Management (at fair value) (a)	51,963,915	46,361,905
<b>Total financial assets</b>	<b>133,038,859</b>	<b>112,467,258</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

	2015	2014
	\$	\$
<b>Current</b>		
Prepayments	1,105,320	1,147,526
Other Assets	13,903	10,933
Inventory	40,693	-
Accrued Income	87,319	333,276
<b>Total other assets - current</b>	<b>1,247,235</b>	<b>1,491,735</b>

**Uniting AgeWell Victoria & Tasmania**

# Notes to the financial statements

for the year ended 30 June 2015

## 8. Property, plant and equipment

	2015	2014
	\$	\$
Freehold land - at cost	23,012,699	23,012,699
Buildings - at cost	154,448,832	155,885,477
Less: accumulated depreciation	(49,612,045)	(44,778,815)
<b>Total land and buildings</b>	<b>127,849,486</b>	<b>134,119,361</b>
Plant and equipment - at cost	13,243,399	11,290,531
Less: accumulated depreciation	(6,090,582)	(5,140,594)
	<b>7,152,817</b>	<b>6,149,937</b>
Motor Vehicles - at cost	1,947,995	1,777,060
Less: accumulated depreciation	(1,504,549)	(1,309,998)
	<b>443,446</b>	<b>467,062</b>
Computer Equipment - at cost	536,563	152,589
Less: accumulated depreciation	(183,554)	(142,082)
	<b>353,009</b>	<b>10,507</b>
Furniture, Fixtures and Fittings - at cost	8,670,573	6,918,103
Less: accumulated depreciation	(3,011,647)	(2,265,753)
	<b>5,658,926</b>	<b>4,652,350</b>
Improvements	8,145,774	-
Less: accumulated depreciation	(449,080)	-
	<b>7,696,694</b>	<b>4,652,350</b>
Capital works in progress	5,251,857	2,816,162
<b>Total property, plant and equipment</b>	<b>154,406,235</b>	<b>148,215,379</b>

**Uniting AgeWell Victoria & Tasmania**

# Notes to the financial statements

for the year ended 30 June 2015

## 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 \$	Improvement s	Capital Work in Progress \$	Total \$
Carrying amount at 1 July 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/(to) 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	<u>23,012,699</u>	<u>111,106,662</u>	<u>6,149,937</u>	<u>467,062</u>	<u>10,507</u>	<u>4,652,350</u>	<u>-</u>	<u>2,816,162</u>	<u>148,215,379</u>
Additions	-	389,013	1,952,868	178,495	383,974	1,400,707	5,325,406	2,435,695	12,066,158
Transfer from/(to) Investment Property	-	(25,851)	-	-	-	339,583	994,710	-	1,308,442
Reclassification in Asset Type	-	(1,825,658)	-	-	-	-	1,825,658	-	-
Depreciation Expense	-	(4,807,379)	(949,988)	(202,111)	(41,472)	(733,714)	(449,080)	-	(7,183,744)
Carrying amount at 30 June 2015	<u>23,012,699</u>	<u>104,836,788</u>	<u>7,152,817</u>	<u>443,446</u>	<u>353,009</u>	<u>5,658,926</u>	<u>7,696,694</u>	<u>5,251,857</u>	<u>154,406,235</u>

## 9. Investment Property

	2015 \$	2014 \$
Investment Property - at cost	64,241,995	65,490,205
Less: accumulated depreciation	(14,286,996)	(12,536,535)
<b>Total land and buildings</b>	<b>49,954,999</b>	<b>52,953,670</b>

### Movements in carrying amounts

Balance at the beginning of the year	52,953,670	53,851,651
Additions	98,258	992,782
Disposals	-	(43,657)
Reclassification of Investment Property to PPE -Cost	(1,346,469)	(20,661)
Reclassification of Investment Property to PPE - Accumulated Depreciation	38,028	-
Depreciation expense	(1,788,488)	(1,826,445)
Balance at the end of the year	<b>49,954,999</b>	<b>52,953,670</b>

**Uniting AgeWell Victoria & Tasmania**

# Notes to the financial statements

for the year ended 30 June 2015

**10. Intangible assets**

	2015	2014
	\$	\$
Bed Licences - at deemed cost	<b>29,500,000</b>	29,450,000
	<b>29,500,000</b>	29,450,000
Software Development - at cost	<b>4,247,434</b>	4,247,434
Less: accumulated amortisation	<b>(4,247,434)</b>	(4,142,568)
	-	104,866
<b>Total intangible assets</b>	<b>29,500,000</b>	29,554,866

**Movements in carrying amounts**

	Bed licenses \$	Software development \$	Total \$
<b>Gross carrying amount</b>			
Balance at 1 July 2013	29,450,000	4,247,434	33,697,434
Balance at 30 June 2014	29,450,000	4,247,434	33,697,434
Additions	-	-	-
Disposals	-	-	-
Gain on Bed Licences	50,000	-	50,000
Impairment	-	-	-
Balance at 30 June 2015	29,500,000	4,247,434	33,747,434
<b>Accumulated amortisation and impairment</b>			
Balance at 1 July 2013	-	3,753,459	3,753,459
Amortisation expense	-	389,109	389,109
Balance at 30 June 2014	-	4,142,568	4,142,568
Amortisation expense	-	104,866	104,866
Balance at 30 June 2015	-	4,247,434	4,247,434
<b>Net book value</b>			
As at 30 June 2014	29,450,000	104,866	29,554,866
As at 30 June 2015	29,500,000	-	29,500,000

**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.

**Uniting AgeWell Victoria & Tasmania**

# Notes to the financial statements

for the year ended 30 June 2015

	2015	2014
	\$	\$
<b>11. Trade and other payables</b>		
<b>Current</b>		
Trade payables	4,519,829	4,600,413
Sundry payables and accrued expenses	7,346,558	6,700,960
Payable to related party - Uniting Church in Australia	109,057	197,440
<b>Total trade and other payables</b>	<b>11,975,444</b>	<b>11,498,813</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.

The Uniting AgeWell Victoria & Tasmania accounts are an aggregation of the two entities and as a result the intercompany receivables and payables between the two entities have been eliminated.

**12. Provisions**

	2015	2014
	\$	\$
<b>Current</b>		
Employee benefits	12,124,159	11,205,253
Resident capital gain	1,546,425	1,272,137
<b>Provisions - current</b>	<b>13,670,584</b>	<b>12,477,390</b>
<b>Non-current</b>		
Employee benefits	3,689,583	3,141,536
<b>Provisions - non-current</b>	<b>3,689,583</b>	<b>3,141,536</b>

**13. Resident Ingoings**

	2015	2014
	\$	\$
<b>Current</b>		
Resident Ingoings	132,502,331	122,071,014
<b>Total resident ingoings</b>	<b>132,502,331</b>	<b>122,071,014</b>

**Uniting AgeWell Victoria & Tasmania**

# Notes to the financial statements

for the year ended 30 June 2015

## 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.

	2015	2014
	\$	\$
<b>Retained earnings</b>		
Movements in retained earnings were as follows:		
Balance at 1 July	180,831,617	173,525,271
Net surplus/(loss) for the year	5,673,328	7,306,346
Balance at 30 June	<b>186,504,945</b>	180,831,617
<b>General Reserve</b>		
At 1 July	20,945,354	17,715,454
Increase/(decrease) in market value of available-for-sale investments	3,115,515	3,229,900
As at 30 June	<b>24,060,869</b>	20,945,354
<b>Specific reserves</b>		
At 1 July	4,229,310	4,229,310
As at 30 June	<b>4,229,310</b>	4,229,310
<b>Asset revaluation reserve</b>		
At 1 July	216,174	216,174
As at 30 June	<b>216,174</b>	216,174
	<b>28,506,353</b>	25,390,838

## 15. Contingent assets and liabilities

The members of the Board of Governance are not aware of any material contingent liabilities that exist at 30 June 2015 (2014: Nil).

## 16. 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

**Uniting AgeWell Victoria & Tasmania**

# Notes to the financial statements

for the year ended 30 June 2015

## 17. Capital and Leasing Commitments

Capital expenditure commitments contracted for:	2015	2014
	\$	\$
Re-development of properties and development of clinical care management system		
- less than 12 months	15,475,126	1,284,000
- greater than 12 months	22,664,418	-
	<b>38,139,544</b>	<b>1,284,000</b>

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

## 18. Related Party Transactions

### (a) Uniting Church in Australia Synod of Victoria and Tasmania

Interest was received, on normal commercial terms, by the entity of \$5,221,987 (2014: \$5,734,059) 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 \$71,060 (2014: \$81,850) were paid to Russell Kennedy on normal commercial terms. Ms Libby Pallot (Principal) was a member of the Board of Governance, who is an employee of this firm.

### (c) Ernst and Young

Consultancy fees of \$3,300 (2014: \$Nil) were paid to Ernst and Young on normal commercial terms. Ms Fiona Campbell (Partner) and Ms Julia Langdon (Partner) are members of the Board of Governance.

### (d) WJ Quinn Consulting

Travel and course reimbursements of \$10,418 (2014: \$8,352) 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.

### (e) Intercompany payable/receivable

An intercompany receivable/payable from Uniting AgeWell Tasmania with a carrying amount of \$704,955 (2014: \$281,184) was eliminated from the trade receivables/payables balance.

## 19. Key Management Personnel

The total of remuneration paid or provided for key management personnel of the entity during the year is \$2,151,562 (2014: \$2,155,125).

# Notes to the financial statements

for the year ended 30 June 2015

## 20 Segment note

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

Revenue	2015	2014	Expenses	2015	2014
Government Subsidies	88,012,376	83,924,868	Care employee expenses**	(60,427,119)	(58,957,904)
Resident Charges	27,361,826	27,756,170	Other Employee expenses	(16,615,193)	(16,829,473)
Capital Grants	-	-	Management fees	(11,800,074)	(10,875,112)
Bond Retentions	864,310	1,053,086	Interest expense	(320,472)	(320,999)
Interest Income	5,329,886	4,019,303	Depreciation & amortisation	(7,005,454)	(6,815,566)
Donations	667,651	672,656	Other*	(23,579,196)	(21,126,362)
Other*	773,617	465,048			
<b>Total Revenue</b>	<b>123,009,666</b>	<b>117,891,131</b>	<b>Total Expense</b>	<b>(119,747,508)</b>	<b>(114,925,416)</b>
<b>Segment result</b>				<b>3,262,158</b>	<b>2,965,715</b>

Segment Assets:	2015	2014	Segment Liabilities:***	2015	2014
Segment current assets	104,625,949	69,559,546	Segment current liabilities	(91,715,846)	(83,987,249)
Segment non-current assets	162,190,840	160,720,448	Segment non-current liabilities	-	-
<b>Segment Net Assets:</b>				<b>175,100,943</b>	<b>146,292,745</b>

Segment Liabilities included above:

Accommodation bond liabilities	(92,642,135)	(82,697,020)
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	773,617	465,048	Other Recurring Expenses	(23,579,196)	(21,126,362)
<b>Total</b>	<b>773,617</b>	<b>465,048</b>	<b>Total</b>	<b>(23,579,196)</b>	<b>(21,126,362)</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 2015, 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.

### **Responsibility of the Board of Governance 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 - Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Act 2012. 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 and the Australian Charities and Not-for-profits Commission Act 2012.

### **Auditor's Opinion**

In our opinion, the financial report of Uniting AgeWell Victoria and Tasmania is in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:

- a presenting fairly, in all material respects, the aggregated entity's financial position as at 30 June 2015 and of their performance and cash flows for the year ended on that date; and
- b complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulation 2013.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



Adam Pitts  
Partner - Audit & Assurance

Melbourne, 29 September 2015