Uniting AgeWell Victoria and Tasmania

VIC ABN: 39 703 442 583 NAPS ID: 581

TAS ABN: 88 774 033 774 NAPS ID: 2615

Annual Financial Report - 30 June 2018

Uniting AgeWell Victoria and Tasmania
Contents
30 June 2018

Uniting AgeWell Victoria and Tasmania
Members' report
30 June 2018

The members present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'entity') consisting of Uniting AgeWell Victoria and Tasmania (referred to hereafter as the 'entity' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2018.

Board of Governance
The following were members of the Board of Governance of the entity during the whole of the financial year, unless otherwise stated:

Ms Raelene Thompson (appointed 31 October 2017)
Ms Kate Andrews (appointed 25 February 2018)
Ms Jan Begg (appointed 25 February 2018)
Mr Simon Brewin
Ms Kathryn Campbell (appointed 25 February 2018)
Prof Alison Hutchinson
Ms Julia Langdon
Rev Dr Mark Lawrence
Mrs Jill Linklater
Ms Sabine Phillips
Mrs Wendy Quinn
Mr Ian Sanders
Rev Allan Thompson (resigned 31 January 2018)
Ms Fiona Campbell (resigned 31 December 2017)

Principal activities
The principal activity 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.

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.

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 2017-20 Strategic Plan has five key priorities

- The quality of life and experience of our customers is at the heart of everything we do.
- A progressive employer of choice, with a culture of customer-centered care, innovation, trust and respect.
- Proudly an expression of the Uniting Church.
- Stronger, smarter and more sustainable.
- Strength, learning and innovation through partnership and collaboration.

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 now includes 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.

Growth

Uniting AgeWell has continued to grow services throughout 2017/18, and it is pleasing to report that as at June 30, 2018, the organisation has increased the number of Home Care Packages to 1,084. This represents growth of 20% since June 2017, and 81% growth since June 2016.

Capital projects are progressing well, with our Preston (102 residential care beds) and Hawthorn (120 residential care beds; 49 Independent Living Units) on track to be completed by early 2020. Uniting AgeWell has also commenced construction of a 30 bed extension at our Latrobe (Tasmania) facility, and has commenced planning for a 30 bed extension at our Newnham (Tasmania) facility. These projects represent growth of approximately 19% for residential care and 9% for retirement living.

The Uniting Age Well Board of Governance decided to close our Girrawheen (Brighton Victoria) facility in May 2018 due to the facility no longer meeting community expectations. Management is currently developing a business case to redevelop the Brighton site.

The Uniting AgeWell management team has lodged applications for the 2018 Aged Care Approval Round, and we are hopeful of attracting additional residential care bed licences at a number of our facilities. Successful applications will translate to significant capital projects.

Quality and Safety

There have been many lessons for the Aged Care industry during 2017/18, particularly in the area of quality and safety. Uniting AgeWell was impacted significantly by the 2017 influenza seasons, which was one of the worst on record. A review by the Australian Aged Care Quality Agency in September 2017 found that our Strathdevon facility in Latrobe Tasmania had not met 5 of 44 standards with regard to how the influenza outbreak at Strathdevon was managed. All recommendations for improvement were implemented with immediate effect, and the learnings from this review were implemented across all facilities, and were shared with the industry.

Uniting AgeWell has invested heavily in Quality and Safety over the past 12 months, with significant enhancements to staff education, information management systems, staffing levels, and the development of an organisation wide Clinical Governance Framework and Plan. The quality of care provided and the safety of our residents and staff is at the heart of everything we do, and we are proud of the investments made to enhance this area.

Financial Performance

Reductions in Government funding (indexation freeze), increased investments in quality and safety, higher than anticipated costs associated with the 2017 influenza season (sick leave; reduced occupancy), higher clinical staffing levels, enhancements in information technology, and the unbudgeted costs and building valuation write-down of our Girrawheen facility all contributed to the Uniting AgeWell net surplus reducing from $7.6M to $1.65M.

Whilst the net surplus was down year on year, it is important to note that cashflows from operations remained strong (positive $20M), and the Balance Sheet continued to strengthen, with Cash and Investments growing from $212M to $232M, which is a strong result given more than $24.5M was spent on capital projects.

Information on the members of the Board of Governance

Name:	Ms Raelene Thompson
Title:	Board member since October 2017 Chairperson since February 2018
Qualifications:	Master of Business Administration, Graduate Diploma of Management, Graduate Certificate of Business MAICD
Experience and expertise:	Governance Committee Chair since February 2018

Name:	Ms Kate Andrews
Title:	Board member since February 2018
Qualifications:	Diploma of Financial Services (Superannuation), Graduate Diploma of Marketing (Major: Marketing Strategy), Bachelor of Commerce / Bachelor of Arts, Graduate AICD
Experience and expertise:	Property & Development Committee member since February 2017

Name:	Ms Jan Begg
Title:	Board member since February 2018
Qualifications:	MBA, B.Sc. (Hons), Fellow AICD
Experience and expertise:	Finance Committee member since March 2018

Name:	Mr Simon Brewin
Title:	Board member since May 2016
Qualifications:	MBL, GradDip Health Service Management, BBus, Post Grad Cert Health Economics FCHSM, Graduate AICD
Experience and expertise:	Property & Development Committee Chairperson since May 2016 Finance Committee member since August 2017

Name:	Ms Kathryn Campbell
Title:	Board member since February 2018
Qualifications:	Bachelor of Economics, Fellow CPA Australia, Fellow AICD, Fellow CAANZ
Experience and expertise:	Mission Committee member since March 2018

Name:	Prof Alison Hutchinson
Title:	Board member since December 2015
Qualifications:	RN, Certificate of Midwifery, Bachelor Applied Science (Advanced Nursing), Masters of Bioethics, PhD, Graduate AICD
Experience and expertise:	Clinical Governance Committee Chair since February 2016

Name:	Ms Julia Langdon
Title:	Board member since October 2013
Qualifications:	Bachelor of Science, Bachelor of Commerce
Experience and expertise:	Audit & Risk Committee Chairperson since November 2013 Property & Development Committee member since June 2017

Name:	Rev Dr Mark Lawrence
Title:	Synod General Secretary
Qualifications:	BA, Grad DipEd, BTheol, MLitt, PhD, MEd(Lead)
Experience and expertise:	Ex-officio board member since November 2012 Mission Committee member since November 2012 Governance Committee member since November 2012

Name:	Ms Jill Linklater
Title:	Board member since March 2010
Qualifications:	Graduate Diploma Health & Medical Law, Master of Health Administration, Emergency Community (Health) Planning Certificate Canada, Bachelor of Science in Nursing, Graduate AICD
Experience and expertise:	Uniting AgeWell Community Advisory Committee Chairperson since July 2016 Clinical Governance Committee member since May 2010 Governance Committee member since September 2010

Name:	Ms Sabine Phillips
Title:	Board member since March 2015
Qualifications:	Master of Laws, Master of Business, Bachelor of Applied Science, Registered Nurse, Certificate in Medication and Conciliation, Fellow AICD
Experience and expertise:	Audit & Risk Committee member since April 2015 Clinical Governance Committee member since February 2017

Name:	Mrs Wendy Quinn
Title:	Board member since December 2012
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
Experience and expertise:	Mission Committee Chairperson since February 2015 Quality & Safety Committee member May 2013 to November 2015 Uniting AgeWell Community Advisory Committee member since April 2016

Name:	Mr Ian Sanders
Title:	Board member since August 2012
Qualifications:	Bachelor of Science (London), Master of Business Administration, Graduate AICD
Experience and expertise:	Finance Committee Chairperson since April 2013 Audit & Risk Committee member since September 2012 Property & Development Committee member since November 2016

Name:	Rev Allan Thompson
Title:	Board member December 2008 – January 2018 Board Chairperson October 2014 – January 2018
Qualifications:	Bachelor of Arts, Bachelor of Divinity, Graduate AICD
Experience and expertise:	Ex officio member of all Board Committees Remuneration & Nominations Committee Chairperson March 2015 – January 2018

Name:	Ms Fiona Campbell
Title:	Board member October 2013 – December 2018
Qualifications:	Bachelor of Commerce (Accounting, Law and Information Technology), Deakin University, Graduate AICD
Experience and expertise:	Finance Committee member November 2013 – December 2018

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 is set out immediately after this Board of Governance report.

This report is made in accordance with a resolution of the Board of Governance.

On behalf of the members

Ms Raelene Thompson
Chairperson

25 September 2018

Mr Ian Sanders
Board Members

Collins Square, Tower 1
727 Collins Street
Melbourne VIC 3008

Correspondence to:
GPO Box 4736
Melbourne Victoria 3001

T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

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 & Tasmania for the year ended 30 June 2018, 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

A C Pitts
Partner - Audit & Assurance

Melbourne, 25 September 2018

Uniting AgeWell Victoria and Tasmania
Statement of profit or loss
For the year ended 30 June 2018

	Note	Aggregated 2018 $	2017 $
Revenue	4	186,852,526	176,199,213
Expenses			
Care expenses		(99,946,816)	(91,030,592)
Hotel expenses		(25,951,178)	(24,645,129)
Administrative expenses		(45,120,126)	(40,638,479)
Other expenses		(13,606,854)	(11,751,750)
Finance costs	5	(573,163)	(515,199)
Surplus before income tax expense		1,654,389	7,618,064
Income tax expense		-	-
Surplus after income tax expense for the year	21	1,654,389	7,618,064

The above statement of profit or loss should be read in conjunction with the accompanying notes

Uniting AgeWell Victoria and Tasmania
Statement of other comprehensive income
For the year ended 30 June 2018

	Note	Aggregated 2018 $	Aggregated 2017 $
Surplus after income tax expense for the year	21	1,654,389	7,618,064
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Gain on the revaluation of available-for-sale financial assets, net of tax		6,641,941	4,290,236
Other comprehensive income for the year, net of tax		6,641,941	4,290,236
Total comprehensive income for the year		8,296,330	11,908,300

The above statement of other comprehensive income should be read in conjunction with the accompanying notes

Uniting AgeWell Victoria and Tasmania
Statement of financial position
As at 30 June 2018

	Note	Aggregated 2018 $	Aggregated 2017 $
Assets			
Current assets			
Cash and cash equivalents	6	5,588,249	3,408,608
Trade and other receivables	7	5,074,682	5,638,353
Available-for-sale financial assets	8	94,102,538	60,785,751
Held-to-maturity investments	9	132,237,454	147,767,764
Other	10	3,813,096	989,257
Total current assets		240,816,019	218,589,733
Non-current assets			
Investment properties	11	44,307,710	46,085,504
Property, plant and equipment	12	192,321,889	171,027,466
Intangibles	13	33,906,025	33,346,775
Other	14	1,982,157	1,729,265
Total non-current assets		272,517,781	252,189,010
Total assets		513,333,800	470,778,743
Liabilities			
Current liabilities			
Trade and other payables	15	16,176,261	11,536,437
Provisions	16	17,721,659	16,243,790
Resident ingoings	17	230,251,530	203,829,000
Other	18	6,730,448	4,999,044
Total current liabilities		270,879,898	236,608,271
Non-current liabilities			
Provisions	19	4,213,586	4,226,486
Total non-current liabilities		4,213,586	4,226,486
Total liabilities		275,093,484	240,834,757
Net assets		238,240,316	229,943,986
Equity			
Reserves	20	38,179,905	31,754,138
Retained earnings	21	200,060,411	198,189,848
Total equity		238,240,316	229,943,986

The above statement of financial position should be read in conjunction with the accompanying notes

Uniting AgeWell Victoria and Tasmania
Statement of changes in equity
For the year ended 30 June 2018

Aggregated	Reserves $	Retained profits $	Total equity $
Balance at 1 July 2016	27,463,902	190,571,784	218,035,686
Surplus after income tax expense for the year	-	7,618,064	7,618,064
Other comprehensive income for the year, net of tax	4,290,236	-	4,290,236
Total comprehensive income for the year	4,290,236	7,618,064	11,908,300
Balance at 30 June 2017	31,754,138	198,189,848	229,943,986

Aggregated	Reserves $	Retained profits $	Total equity $
Balance at 1 July 2017	31,754,138	198,189,848	229,943,986
Surplus after income tax expense for the year	-	1,654,389	1,654,389
Other comprehensive income for the year, net of tax	6,641,941	-	6,641,941
Total comprehensive income for the year	6,641,941	1,654,389	8,296,330
Transfer from reserves	(216,174)	216,174	-
Balance at 30 June 2018	38,179,905	200,060,411	238,240,316

The above statement of changes in equity should be read in conjunction with the accompanying notes

Uniting AgeWell Victoria and Tasmania
Statement of cash flows
For the year ended 30 June 2018

	Note	Aggregated 2018 $	2017 $
Cash flows from operating activities			
Receipts from customers		45,484,530	42,731,326
Receipts from government funding		135,877,686	127,424,035
Receipts of allowable deductions from refundable accommodation deposits		167,921	348,287
Donations, bequests and fundraising received		961,555	555,931
Payments to suppliers and employees		(165,581,781)	(152,030,770)
Interest received		3,681,986	6,258,753
Interest and other finance costs paid		(573,163)	(515,199)
Net cash from operating activities		20,018,734	24,772,363
Cash flows from investing activities			
Receipts for/(payments for) deposits with UCA Funds Management		15,530,310	(37,082,976)
Payments for available for sale assets with UCA Funds Management		(26,674,846)	(2,683,876)
Payments for property, plant and equipment	12	(32,023,380)	(17,663,005)
Payments for intangibles	13	(1,109,373)	-
Proceeds from disposal of property, plant and equipment		29,949	-
Net cash used in investing activities		(44,247,340)	(57,429,857)
Cash flows from financing activities			
Net payments to related parties		(14,283)	-
Net receipts from resident in-goings/entry contributions		26,422,530	31,768,427
Net cash from financing activities		26,408,247	31,768,427
Net increase/(decrease) in cash and cash equivalents		2,179,641	(889,067)
Cash and cash equivalents at the beginning of the financial year		3,408,608	4,297,675
Cash and cash equivalents at the end of the financial year	6	5,588,249	3,408,608

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Uniting AgeWell Victoria and Tasmania as a entity, representing an aggregation of Uniting AgeWell Victoria and Uniting AgeWell Tasmania. The financial statements are presented in Australian dollars, which is Uniting AgeWell Victoria and Tasmania's functional and presentation currency.

Uniting AgeWell Victoria and Tasmania 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 (Tasmania) holds legal title. The Uniting Church in Australia Property Trust (Victoria) and the Uniting Church in Australia Property Trust (Tasmania) 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 1997 No. 38 in the State of Tasmania.

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

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

The financial statements were authorised for issue, in accordance with a resolution of members, on 25 September 2018.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The financial report has been prepared on a going concern basis. This contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

As at 30 June 2018 the entity had a net working capital deficiency, being current assets less current liabilities, of $30,063,879 (2017: $18,018,538).

The net working capital deficiency is significantly impacted by resident ingoing liabilities totalling $230,251,530 (2017: $203,829,000) which are classified as current liabilities on the basis that they are repayable to residents when they leave the facility or unit, which can be at any time. The Board of Governance do not expect the resident ingoing liabilities to reduce significantly on an annual basis as the liabilities relating to residents who depart the facility or unit are generally replaced by resident ingoing liabilities received from new residents. The resident ingoing liabilities are therefore considered to form a part of the long term funding of the facility.

In addition the Board of Governance note the following in their going concern assessment:

- the entity maintains a net asset position $238,240,316 as at 30 June 2018 (2017: $229,943,986);
- during the year the entity recorded a surplus after tax of $1,654,389 (2017: $7,618,064) and operating cash inflows of $20,018,734 (2017: $24,772,363); and
- further surpluses and operating cash inflows are forecast for the year ended 30 June 2019.

The Board of Governance have considered the position of the entity and, based on the above, consider the going concern basis to be appropriate for preparation of the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be incurred should the entity not continue as a going concern.

Note 2. Significant accounting policies (continued)

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Australian Charities and Not-for-profits Commission Act 2012, as appropriate for not-for-profit oriented entities.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Principles of aggregation
The aggregated financial statements incorporate the assets and liabilities of the Uniting AgeWell Victoria and the Uniting AgeWell Tasmania as at 30 June 2018 and the results of those entities for the year then ended. Uniting AgeWell Victoria and Tasmania is referred to in these financial statements as the 'entity'.

The aggregated entity provides aged care services within the Uniting Church Synod of Victoria and Tasmania. These services include residential services, a range of community services (including HCP and CHSP), 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 (Tasmania).

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

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

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

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.

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 Health.

Donations and bequests
Donations collected, including cash and goods for resale, are recognised as revenue when the entity gains control, economic benefits are probable and the amount of the donation can be measured reliably.

Bequests are recognised when the legacy is received. Revenue from legacies comprising bequests of shares or other property are recognised at fair value, being the market value of the shares or property at the date the entity becomes legally entitled to the shares or property.

Grant income
Grant income is recognised in profit or loss when it is controlled. When there are conditions attached to grant revenue relating to the use of those grants for specific purposes it is recognised in the statement of financial position as a liability until such conditions are met or services provided.

Note 2. Significant accounting policies (continued)

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Property income
Property income from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the property income. Contingent rentals are recognised as income in the period when earned.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

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.

Income tax
As the entity is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

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

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Note 2. Significant accounting policies (continued)

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

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

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Held-to-maturity investments
Held-to-maturity investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the entity has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Held-to-maturity investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets
The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

Investment properties
Investment property, principally comprised of independent living units, is held to generate deferred management fees and are not occupied by the entity. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to profit or loss.

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 Victoria and Tasmania 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.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Note 2. Significant accounting policies (continued)

Transfers to and from investment properties to property, plant and equipment are determined by a change in use of owner-occupation. The fair value on the date of change of use from investment properties to property, plant and equipment are used as deemed cost for the subsequent accounting. The existing carrying amount of property, plant and equipment is used for the subsequent accounting cost of investment properties on the date of change of use.

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 investment property is 2.0% - 10.0%.

Property, plant and equipment
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 the Uniting Church in Australia Property Trust (Tasmania) holds legal ownership.

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 (Tasmania) hold legally enforceable rights over the relevant assets registered in its name, those assets are controlled by the entity and the future economic benefits of their use and management will flow to Uniting AgeWell.

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 is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. 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 is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	2.0% - 10.0%
Building improvements	15.0%
Plant and equipment	7.5% - 25.0%
Furniture, fixtures and fittings	7.5% - 15.0%
Motor vehicles	20.0% - 40.0%
Computer equipment	25.0% - 50.0%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Note 2. Significant accounting policies (continued)

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Bed licences
Bed licences have been initially recognised at fair value upon issue from the Federal Government which is deemed to represent costs under AASB 138 Intangible Assets and AASB 1004 Contributions.

The entity considers the licences to have an indefinite life and as such does not amortise them. The licences are reviewed annually to assess whether there has been any impairment in their value. Where the caring amount exceeds the value of the expected future benefits, the difference is charged to profit and loss. Impairment losses can be reversed in subsequent periods to the extent previously recognised.

The recoverable amount of bed licences represents the higher of the asset's fair value less costs to sell and its value in use.

Software
Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and install the specific software. Following initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulate impairment losses.

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 to 5 years.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 2. Significant accounting policies (continued)

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions
Provisions are recognised when the entity has a present (legal or constructive) obligation as a result of a past event, it is probable the entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Superannuation expense
Contributions to superannuation plans are expensed in the period in which they are incurred.

Resident ingoings
The operation of residential 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.

Pursuant to the Aged Care Act residents may be required to lodge a refundable accommodation deposit (RAD's). The value of these RAD's are reported as a resident ingoing liability. The Aged Care Act allows a provider to retain the interest earned from these bonds/RAD's.

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 ingoing amounts to be met as required.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Note 2. Significant accounting policies (continued)

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Fair value measurement hierarchy
The entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets
The entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Indefinite life intangible assets
The entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on fair value less costs to sell and value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows and application of recent sales history for similar assets where an active market exists.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Impairment of property, plant and equipment
The entity assesses impairment of property, plant and equipment at each reporting date by evaluating conditions specific to the entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Employee benefits provision
As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 4. Revenue

	Aggregated	
	2018	**2017**
	$	**$**
Revenue		
Government contributions	135,631,440	127,422,955
Resident/client fees	34,530,789	32,956,549
Retention and accommodation charges	6,087,007	6,426,139
Donations, bequests and fundraising	961,555	555,931
	177,210,791	167,361,574
Other revenue		
Grant income	246,246	104,999
Interest	6,755,645	6,258,759
Property income	231,992	301,953
Other revenue	2,407,852	2,171,928
	9,641,735	8,837,639
	186,852,526	176,199,213

Note 5. Expenses

	Aggregated 2018 $	Aggregated 2017 $
Surplus before income tax includes the following specific expenses:		
Finance costs		
Interest on refundable ingoings	573,163	515,199
Loss on disposal/write-off of property, plant and equipment		
Loss on disposal/write-off of property, plant and equipment	1,090,410	-
Rental expense relating to operating leases		
Total rental expense relating to operating leases	664,775	652,337
Superannuation expense		
Superannuation expense	9,645,246	8,995,110
Write off of assets		
Receivables	28,032	44,170
Depreciation and amortisation expense		
Investment property	1,777,794	1,791,986
Property, plant and equipment	9,608,598	8,213,862
Intangible assets	550,123	537,654
	11,936,515	10,543,502

Note 6. Current assets - cash and cash equivalents

	Aggregated 2018 $	Aggregated 2017 $
Cash on hand	17,640	16,972
Cash at bank	5,570,609	3,391,636
	5,588,249	3,408,608

The effective interest rate on cash at bank was 0.40% (2017: 0.40%); these deposits are at call.

Note 7. Current assets - trade and other receivables

	Aggregated 2018 $	Aggregated 2017 $
Trade receivables	3,283,838	4,439,482
Less: Provision for impairment of receivables	(188,342)	(184,694)
	3,095,496	4,254,788
Other receivables	1,955,960	1,373,961
Related party receivable from Uniting Church in Australia	23,226	9,604
	5,074,682	5,638,353

Note 7. Current assets - trade and other receivables (continued)

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

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

Note 8. Current assets - available-for-sale financial assets

	Aggregated 2018 $	Aggregated 2017 $
Investments with UCA Funds Management	94,102,538	60,785,751

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.

Note 9. Current assets - held-to-maturity investments

	Aggregated 2018 $	Aggregated 2017 $
Deposits with UCA Funds Management	132,237,454	147,767,764

Note 10. Current assets - other

	Aggregated 2018 $	Aggregated 2017 $
Accrued revenue	2,376,987	-
Prepayments	282,562	685,120
Inventory	261,597	130,549
Other current assets	891,950	173,588
	3,813,096	989,257

Note 11. Non-current assets - investment properties

	Aggregated 2018 $	Aggregated 2017 $
Investment property - at cost	63,153,247	63,166,927
Less: Accumulated depreciation	(18,845,537)	(17,081,423)
	44,307,710	46,085,504

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	2018 $	2017 $
Opening fair value	46,085,504	48,162,775
Disposals	-	(285,285)
Depreciation expense	(1,777,794)	(1,791,986)
Closing fair value	44,307,710	46,085,504

Note 12. Non-current assets - property, plant and equipment

	Aggregated 2018 $	Aggregated 2017 $
Land - at cost	24,155,789	23,012,699
Buildings - at cost	163,707,122	167,085,533
Less: Accumulated depreciation	(63,117,896)	(59,320,028)
	124,745,015	130,778,204
Building improvements - at cost	26,128,243	18,786,860
Less: Accumulated depreciation	(3,265,190)	(2,002,110)
	22,863,053	16,784,750
Plant and equipment - at cost	17,002,500	16,487,845
Less: Accumulated depreciation	(7,908,978)	(8,313,618)
	9,093,522	8,174,227
Furniture, fixtures and fittings - at cost	13,441,684	12,675,480
Less: Accumulated depreciation	(5,376,984)	(4,884,994)
	8,064,700	7,790,486
Motor vehicles - at cost	1,925,865	1,965,996
Less: Accumulated depreciation	(1,747,643)	(1,664,892)
	178,222	301,104
Computer equipment - at cost	923,158	855,971
Less: Accumulated depreciation	(725,136)	(523,097)
	198,022	332,874
Capital works in progress - at cost	27,179,355	6,865,821
	192,321,889	171,027,466

Note 12. Non-current assets - property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Aggregated	Land and buildings $	Building improvements $	Plant and equipment $	Furniture, fixtures and fittings $	Motor vehicles $	Computer equipment $	Capital works in progress $	Total $
Balance at 1 July 2017	130,778,204	16,784,750	8,174,227	7,790,486	301,104	332,874	6,865,821	171,027,466
Additions (net of transfers)	(200,000)	7,875,610	2,378,401	1,573,664	-	82,171	20,313,534	32,023,380
Disposals/write-offs	(479,576)	(427,852)	(126,892)	(86,039)	-	-	-	(1,120,359)
Depreciation expense	(5,353,613)	(1,369,455)	(1,332,214)	(1,213,411)	(122,882)	(217,023)	-	(9,608,598)
Balance at 30 June 2018	124,745,015	22,863,053	9,093,522	8,064,700	178,222	198,022	27,179,355	192,321,889

Note 13. Non-current assets - intangibles

	Aggregated 2018 $	**Aggregated 2017 $**
Bed licences - at deemed cost	29,500,000	29,500,000
Software - at cost	8,087,708	6,928,457
Less: Accumulated amortisation	(5,338,022)	(4,787,899)
	2,749,686	2,140,558
Intangibles in progress - at cost	1,656,339	1,706,217
	33,906,025	33,346,775

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Aggregated	Bed licences $	Software $	Intangibles in progress $	Total $
Balance at 1 July 2017	29,500,000	2,140,558	1,706,217	33,346,775
Additions	-	-	1,109,373	1,109,373
Transfers in/(out)	-	1,159,251	(1,159,251)	-
Amortisation expense	-	(550,123)	-	(550,123)
Balance at 30 June 2018	29,500,000	2,749,686	1,656,339	33,906,025

Note 14. Non-current assets - other

	Aggregated 2018 $	**Aggregated 2017 $**
Other non-current assets	1,982,157	1,729,265

Note 15. Current liabilities - trade and other payables

	Aggregated	
	2018	2017
	$	$
Trade payables	5,416,238	3,261,461
Related party payable to Uniting Church in Australia	13,200	13,861
Sundry payables and accrued expenses	10,746,823	8,261,115
	16,176,261	11,536,437

Trade payables, sundry payables and accrued expenses are non interest bearing liabilities. Trade payable 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 and Tasmania financial statements are an aggregation of the two entities and as a result the intercompany receivables and payables between the two entities have been eliminated.

Note 16. Current liabilities - provisions

	Aggregated	
	2018	2017
	$	$
Employee benefits	15,545,033	14,186,300
Resident capital gain	2,176,626	2,057,490
	17,721,659	16,243,790

Note 17. Current liabilities - resident ingoings

	Aggregated	
	2018	2017
	$	$
Resident ingoings	230,251,530	203,829,000

Note 18. Current liabilities - other

	Aggregated	
	2018	2017
	$	$
Deferred income	6,730,448	4,999,044

Note 19. Non-current liabilities - provisions

	Aggregated	
	2018	2017
	$	$
Employee benefits	4,213,586	4,226,486

Note 20. Equity - reserves

	Aggregated 2018 $	Aggregated 2017 $
Asset revaluation reserve	-	216,174
General reserve	33,950,595	27,308,654
Specific reserve	4,229,310	4,229,310
	38,179,905	31,754,138

Asset revaluation reserve
The reserve is used to recognise increments and decrements in the fair value of land and buildings, excluding investment properties.

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

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

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Aggregated	Asset revaluation reserve $	General reserve $	Specific reserve $	Total $
Balance at 1 July 2016	216,174	23,018,418	4,229,310	27,463,902
Current year gain on available-for-sale financial assets	-	4,290,236	-	4,290,236
Balance at 30 June 2017	216,174	27,308,654	4,229,310	31,754,138
Current year gain on available-for-sale financial assets	-	6,641,941	-	6,641,941
Transfer to retained earnings	(216,174)	-	-	(216,174)
Balance at 30 June 2018	-	33,950,595	4,229,310	38,179,905

Note 21. Equity - retained earnings

	Aggregated 2018 $	Aggregated 2017 $
Retained earnings at the beginning of the financial year	198,189,848	190,571,784
Surplus after income tax expense for the year	1,654,389	7,618,064
Transfer from reserves	216,174	-
Retained earnings at the end of the financial year	200,060,411	198,189,848

Note 22. Key management personnel disclosures

Compensation
The aggregate compensation made to the key management personnel of the entity is set out below:

	Aggregated 2018 $	2017 $
Aggregate compensation	2,351,176	2,339,573

Note 23. Commitments

	Aggregated 2018 $	2017 $
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	59,095,475	33,165,759
One to five years	46,695,525	61,944,803
	105,791,000	95,110,562

The entity has committed to development of the IT system for both UA Victoria and Tasmania. The balance of capital expenditure for this project to date is held in Capital Work in Progress by Uniting AgeWell Victoria.

Note 24. Related party transactions

Key management personnel
Disclosures relating to key management personnel are set out in note 22.

Transactions with related parties
The following transactions occurred with related parties:

	Aggregated 2018 $	2017 $
Other income:		
Interest received from Uniting Church in Australia Synod of Victoria and Tasmania	6,656,347	6,134,686

Interest was received, on normal commercial terms, by the entity from UCA Funds Management, a division of the Synod. This interest was received in relation to deposits held on behalf of the entity.

Transactions with board member related parties
The following transactions occurred with board member related parties on normal commercial terms:

Eastern Health	Health service fees	2,839,225	2,770,022

Ms Jill Linklater (Board Member) is a Board Member of Eastern Health.

Gadens Lawyers	Legal fees	816	19,576
Alzheimer's Australia	Course fees	13,458	7,087

Ms Sabine Phillips (Board Member) is a Partner of Gadens Lawyers and a Board Member of Alzheimer's Australia.

Note 24. Related party transactions (continued)

Deakin University	Research project fundings	115,000	-
Monash Health	Client brokerage	418	745
Cabrini Research Institute Council	Client brokerage	180	-

Prof Alison Hutchinson (Board Member) is the Professor of Nursing at Deakin University, the Chair of Nursing at Monash Health and a member of the Cabrini Research Institute Council.

WJ Quinn Consulting	Travel and course reimbursements	12,950	8,730

Mrs Wendy Quinn (Board Member) is the owner of WJ Quinn Consulting.

Ernst & Young	Consultancy fees	-	37,993

Ms Julia Langdon (Board Member) and Ms Fiona Campbell (Former Board Member) are partners of Ernst & Young.

Council of the Ageing Australia	Course fees	159	-

Ms Kate Andrews (Board Member) is Non-Executive Director on the Governance, HR and Remuneration Committee of the Council of the Ageing Australia.

Bolton Clarke	Client services	40,137	-

Ms Jan Begg (Board Member) is a member of Bolton Clarke.

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Aggregated	
	2018	**2017**
	$	**$**
Current receivables:		
Receivable from Uniting Church in Australia	23,226	9,604
Current payables:		
Payable to Uniting Church in Australia	13,200	13,861

An intercompany balance payable to Uniting AgeWell Tasmania from Uniting AgeWell Victoria with a carrying amount of $17,553,829 (2017: $17,303,170) has been eliminated from the trade receivables and payables balances.

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Aggregated	
	2018	**2017**
	$	**$**
Current receivables:		
Available for sale investments with UCA Funds Management	94,102,538	60,785,751
Held-to-maturity deposits with UCA Funds Management	132,237,454	147,767,764

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 25. Events after the reporting period

The Synod Standing Committee, Synod of Victoria and Tasmania approved the incorporation of Uniting AgeWell Limited (a company limited by guarantee). Uniting AgeWell Limited was incorporated on 15 August 2018 in order for the entity to transition the Uniting Agewell aged care operations provided by the Uniting Church in Australia Property Trust (Victoria) and The Uniting Church in Australia Property Trust (Tasmania), subject to approval by relevant government agencies. The transfer of the operations will not be accounted for as a Business Combination under AASB 3 “Business Combinations” as the transition to Uniting Agewell Limited is considered a corporate re-organisation. The Board of Governance anticipates the transition to occur prior to 31 December 2018.

In addition, subsequent to the end of the reporting period, The Uniting Church in Australia Property Trust (Victoria), on behalf of Uniting Agewell, acquired the issued share capital of a home care service provider with an effective acquisition date of 3 October 2018 for $5.5 million.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the entity's operations, the results of those operations, or the entity's state of affairs in future financial years.

Uniting AgeWell Victoria and Tasmania
Members' declaration
30 June 2018

The Board of Governance declares that:

- the attached financial statements and notes comply with the Australian Charities and Not-for-Profits Commission Act 2012, the Australian Accounting Standards - Reduced Disclosure Requirements, the Australian Charities and Not-for-Profits Commission Regulation 2013 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the entity's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and

- 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.

On behalf of the members

Ms Raelene Thompson
Chairperson

Mr Ian Sanders
Board Members

25 September 2018

Collins Square, Tower 1
727 Collins Street
Melbourne VIC 3008

Correspondence to:
GPO Box 4736
Melbourne Victoria 3001

T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

INDEPENDENT AUDITOR'S REPORT
TO THE VICTORIAN & TASMANIAN SYNOD OF THE UNITING CHURCH IN AUSTRALIA

Auditor's Opinion

We have audited the financial report of Uniting AgeWell Victoria & Tasmania (the "Aggregated Entity"), which comprises the statement of financial position as at 30 June 2018, and 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, and comprising notes to the financial statements, including 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.

In our opinion, the accompanying financial report of Uniting AgeWell Victoria & Tasmania has been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

a giving a true and fair view of the Aggregated Entity's financial position as at 30 June 2018 and of its performance and cash flows for the year then ended; and

b complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Auditor's Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Aggregated Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) and the *Australian Charities and Not-for-profits Commission Act 2012* that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information other than the Financial Report and Auditor's Report

The Board of Governance of the Aggregated Entity are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the statement by the Board of Governance for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Board of Governance for the Financial Report

The Board of Governance of the Aggregated Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*. This responsibility includes such internal controls as the Board of Governance determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board of Governance are responsible for assessing the Aggregated Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

The Board of Governance are responsible for overseeing the Aggregated Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdfn. This description forms part of our auditor's report.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A C Pitts
Partner – Audit & Assurance

Melbourne, 25 September 2018