



# **The Uniting Church in Australia - Queensland Synod UnitingCare Queensland**

## **Financial Statements**

**For the Year Ended 30 June 2014**

# **The Uniting Church in Australia - Queensland Synod UnitingCare Queensland**

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# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2014

|                                                 |       | 2014<br>\$000s     | 2013<br>\$000s     |
|-------------------------------------------------|-------|--------------------|--------------------|
|                                                 | Note  |                    |                    |
| <b>Revenue</b>                                  |       |                    |                    |
| Revenue                                         | 3     | 1,336,721          | 1,270,878          |
| Other Income                                    | 3     | 69,436             | 63,517             |
| <b>Total Revenue</b>                            |       | <b>1,406,157</b>   | <b>1,334,395</b>   |
| Share of Surplus in Jointly Controlled Entities | 11(b) | 2,576              | 3,839              |
| <b>Expenses</b>                                 |       |                    |                    |
| Communications and Utilities Expense            |       | (26,608)           | (25,736)           |
| Consulting and Professional Fees                |       | (48,851)           | (45,123)           |
| Depreciation and Amortisation Expense           | 4(b)  | (79,948)           | (74,953)           |
| Finance Costs                                   | 4(a)  | (14,678)           | (16,404)           |
| Salaries and Employee Expenses                  |       | (850,817)          | (824,302)          |
| Repairs and Maintenance Expense                 |       | (33,901)           | (33,629)           |
| Supplies and Services Expense                   |       | (235,407)          | (217,415)          |
| Synod Expenses                                  |       | (818)              | (799)              |
| UnitingCare Australia Contribution              |       | (434)              | (428)              |
| UnitingCare Queensland Board Expenses           |       | (613)              | (519)              |
| Other Expenses                                  | 4(c)  | (73,076)           | (68,538)           |
| Loss on Sale of Fixed Assets and Investments    |       | (835)              | (347)              |
| Write-offs and Impairment Expense               | 4(d)  | (6,879)            | (1,717)            |
| Gain on Fair Value Movement                     |       | -                  | 481                |
| <b>Total Expenses</b>                           |       | <b>(1,372,865)</b> | <b>(1,309,429)</b> |
| <b>Surplus for the Year</b>                     |       | <b>35,868</b>      | <b>28,805</b>      |
| <b>Other Comprehensive Income</b>               |       |                    |                    |
| Transfer Net Assets of Common Controlled Entity | 24    | 262                | 5,876              |
| <b>Other Comprehensive Income for the Year</b>  |       | <b>262</b>         | <b>5,876</b>       |
| <b>Total Comprehensive Income for the Year</b>  |       | <b>36,130</b>      | <b>34,681</b>      |

The accompanying notes form part of these financial statements.

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Consolidated Statement of Financial Position

At 30 June 2014

|                                                              |      | 2014<br>\$000s   | 2013<br>\$000s   |
|--------------------------------------------------------------|------|------------------|------------------|
|                                                              | Note |                  |                  |
| <b>ASSETS</b>                                                |      |                  |                  |
| <b>Current Assets</b>                                        |      |                  |                  |
| Cash and Cash Equivalents                                    | 6    | 363,743          | 343,380          |
| Trade and Other Receivables                                  | 8    | 106,644          | 79,474           |
| Inventories                                                  | 7    | 11,562           | 11,829           |
| Other Assets                                                 | 9    | 21,263           | 21,510           |
|                                                              |      | <b>503,212</b>   | <b>456,193</b>   |
| Assets Classified as Held for Sale                           | 10   | 1,431            | -                |
| <b>Total Current Assets</b>                                  |      | <b>504,643</b>   | <b>456,193</b>   |
| <b>Non-current Assets</b>                                    |      |                  |                  |
| Inventories                                                  | 7    | 434              | 402              |
| Jointly Controlled Entities                                  | 11   | 2,855            | 9,405            |
| Property, Plant and Equipment                                | 12   | 1,106,663        | 1,049,666        |
| Intangible Assets                                            | 13   | 25,693           | 21,162           |
| Other Assets                                                 | 9    | 4,597            | 7,853            |
| <b>Total Non-current Assets</b>                              |      | <b>1,140,242</b> | <b>1,088,488</b> |
| <b>TOTAL ASSETS</b>                                          |      | <b>1,644,885</b> | <b>1,544,681</b> |
| <b>LIABILITIES</b>                                           |      |                  |                  |
| <b>Current Liabilities</b>                                   |      |                  |                  |
| Trade and Other Payables                                     | 14   | 89,279           | 70,372           |
| Accommodation Bonds expected to be paid within 12 months     | 15   | 49,259           | 43,636           |
| Accommodation Bonds not expected to be paid within 12 months | 15   | 100,541          | 107,877          |
| Entry Contributions expected to be paid within 12 months     | 15   | 16,176           | 16,396           |
| Entry Contributions not expected to be paid within 12 months | 15   | 97,757           | 69,824           |
| Borrowings                                                   | 16   | 1,083            | 1,037            |
| Employee Benefits and Other Provisions                       | 17   | 123,413          | 115,413          |
| Other Liabilities                                            | 18   | 31,818           | 24,700           |
| <b>Total Current Liabilities</b>                             |      | <b>509,326</b>   | <b>449,255</b>   |
| <b>Non-current Liabilities</b>                               |      |                  |                  |
| Trade and Other Payables                                     | 14   | 1,967            | 1,653            |
| Borrowings                                                   | 16   | 231,693          | 228,392          |
| Employee Benefits and Other Provisions                       | 17   | 16,056           | 15,462           |
| Other Liabilities                                            | 18   | 9,872            | 10,078           |
| <b>Total Non-current Liabilities</b>                         |      | <b>259,588</b>   | <b>255,585</b>   |
| <b>TOTAL LIABILITIES</b>                                     |      | <b>768,914</b>   | <b>704,840</b>   |
| <b>NET ASSETS</b>                                            |      | <b>875,971</b>   | <b>839,841</b>   |
| <b>FUNDS</b>                                                 |      |                  |                  |
| Contributed Funds                                            |      | 5,234            | 5,234            |
| Accumulated Funds                                            |      | 870,737          | 834,607          |
| <b>TOTAL FUNDS</b>                                           |      | <b>875,971</b>   | <b>839,841</b>   |

The accompanying notes form part of these financial statements.

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Consolidated Statement of Changes in Funds

For the Year Ended 30 June 2014

|                                | Contributed<br>Funds<br>\$000s | Accumulated<br>Funds<br>\$000s | Total<br>\$000s |
|--------------------------------|--------------------------------|--------------------------------|-----------------|
| <b>Balance at 1 July 2012</b>  | <b>5,234</b>                   | <b>799,926</b>                 | <b>805,160</b>  |
| Surplus for the Year           | -                              | 28,805                         | <b>28,805</b>   |
| Other Comprehensive Income     | -                              | 5,876                          | <b>5,876</b>    |
| <b>Balance at 30 June 2013</b> | <b>5,234</b>                   | <b>834,607</b>                 | <b>839,841</b>  |
| Surplus for the Year           | -                              | 35,868                         | <b>35,868</b>   |
| Other Comprehensive Income     | -                              | 262                            | <b>262</b>      |
| <b>Balance at 30 June 2014</b> | <b>5,234</b>                   | <b>870,737</b>                 | <b>875,971</b>  |

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Consolidated Statement of Cash Flows

For the Year Ended 30 June 2014

|                                                               |      | 2014             | 2013             |
|---------------------------------------------------------------|------|------------------|------------------|
|                                                               |      | \$000s           | \$000s           |
|                                                               | Note |                  |                  |
| <b>Cash Flows from Operating Activities</b>                   |      |                  |                  |
| Receipts from Clients, Funding and Others                     |      | 1,426,828        | 1,368,848        |
| Payments to Suppliers and Employees                           |      | (1,331,095)      | (1,264,217)      |
| Interest Paid                                                 |      | (14,499)         | (16,404)         |
| Proceeds from Distributions                                   |      | 7,683            | 1,835            |
| Interest Received                                             |      | 9,348            | 11,884           |
| <b>Net Cash Inflow from Operating Activities</b>              | 25   | <b>98,265</b>    | <b>101,946</b>   |
| <b>Cash Flows from Investing Activities</b>                   |      |                  |                  |
| Proceeds from Sale of Property, Plant and Equipment           |      | 21,266           | 7,217            |
| Proceeds from Sale of Investments                             |      | 26,339           | -                |
| Payments for Property, Plant and Equipment                    |      | (145,714)        | (123,558)        |
| Payments for Intangible Assets                                |      | (12,573)         | (5,918)          |
| <b>Net Cash Outflow from Investing Activities</b>             |      | <b>(110,682)</b> | <b>(122,259)</b> |
| <b>Cash Flows from Financing Activities</b>                   |      |                  |                  |
| Proceeds from Borrowings                                      |      | 39,500           | 2,768            |
| Net Proceeds from Accommodation Bonds and Entry Contributions |      | 29,433           | 21,184           |
| Repayment of Borrowings                                       |      | (36,153)         | (784)            |
| <b>Net Cash Inflow from Financing Activities</b>              |      | <b>32,780</b>    | <b>23,168</b>    |
| <b>Net Increase in Cash and Cash Equivalents</b>              |      | <b>20,363</b>    | <b>2,855</b>     |
| Cash and Cash Equivalents at Beginning of the Year            |      | 343,380          | 340,525          |
| <b>Cash and Cash Equivalents at End of the Year</b>           | 6    | <b>363,743</b>   | <b>343,380</b>   |

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

#### 1 Summary of Significant Accounting Policies

##### (a) General Information

UnitingCare Queensland is an unincorporated not-for-profit organisation established by the Uniting Church in Australia - Queensland Synod. The Uniting Church in Australia - Queensland Synod has appointed the Board of UnitingCare Queensland to govern its health and community services activities. Legal title to all property beneficially utilised in the services provided by UnitingCare Queensland is held in trust by the Uniting Church in Australia Property Trust (Q.), a body incorporated by statute and domiciled in Australia.

The accounts reflect the consolidation of the operations of the following organisations:

- Group Office;
- UnitingCare Health;
- Blue Care; and
- UnitingCare Community.

Herein referred to as the "Group". Inter-operation transactions have been eliminated.

The registered office of the Uniting Church in Australia Property Trust (Q.) is:

The Uniting Church in Australia - Queensland Synod  
60 Bayliss Street  
Auchenflower QLD 4066

UnitingCare Queensland operates from Level 5, 193 North Quay, Brisbane, Queensland 4000.

##### (b) Statement of Compliance

These financial statements are a general purpose financial statement prepared in accordance with Australian Accounting Standards (AASBs), adopted by the Australian Accounting Standards Board (AASB). In some circumstances, where permitted under the AASBs, the entity has elected to apply certain exemptions available to not-for-profit entities.

The financial statements of UnitingCare Queensland for the year ended 30 June 2014 were approved by the Board of UnitingCare Queensland on 21 October 2014.

##### (c) Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of financial statements in conformity with AASBs requires the use of certain critical accounting estimates. It also requires the Board and management to exercise judgements in the process of applying the accounting policies. The Board and management are responsible for the development, selection and disclosure of critical accounting policies and estimates and their ongoing application. The estimates and judgements that have a significant risk of causing material adjustments to the carrying amount of assets and liabilities within the next financial year are:

##### Estimated Useful Life of Property, Plant and Equipment

The estimated useful lives of property, plant and equipment are assessed annually. This assessment takes into consideration legislative and safety requirements and plans to ensure continued compliance therewith. The estimated useful lives reflect existing redevelopment plans which are also subject to review based on requirements and cost. Future changes to the redevelopment program may impact on the assessment of useful lives with a corresponding impact on depreciation expense in future periods.

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

#### 1 Summary of Significant Accounting Policies (continued)

##### (c) Critical Accounting Judgements and Key Sources of Estimation Uncertainty continued

###### **Inventories**

Inventories are valued at the lower of cost and net realisable value. The net realisable value of inventory is the estimated selling price in the ordinary course of business less estimated costs to sell.

Linen cost is valued at replacement value less reduction in this value for life expectancy of inventory in circulation being loss of service potential. The key assumptions are the variables affecting the selling prices and costs to sell, including judgements on market conditions and inventory condition.

###### **Employee Benefits**

Management judgement is applied in determining the following key assumptions used in the calculation of annual leave and long service leave at the end of the reporting period:

- future increases in wages and salaries;
- future on cost rates; and
- experience of employee departures and period of service.

Refer to note 1(p) for further details on the key management judgements used in the calculation of long service leave and annual leave.

###### **Accommodation Bonds and Entry Contributions**

By their nature, accommodation bonds and entry contributions are considered to be repayable on demand and are therefore classified as current liabilities. They are recorded at the amount initially received less any retentions Blue Care is allowed to deduct in accordance with the relevant legislation and resident agreement and are not discounted. For the purpose of providing users of the financial statements with more relevant information, additional disclosure relating to the expected repayment dates of accommodation bonds and entry contributions has been added to the Consolidated Statement of Financial Position (refer page 2). Judgements are used as to the likely expected payment periods based on past experience of resident exits and the average value of current bonds and entry contributions held.

###### **Grant Funding**

The Group has received a number of government grants during the year. Once the Group has been notified of the successful outcome of a grant application, the terms and conditions of each grant are reviewed to determine whether the funds relate to a reciprocal grant (i.e. payment for services rendered) in which case it is accounted for under AASB 118 *Revenue* or a non-reciprocal grant in which case it is accounted for under AASB 1004 *Contributions*. Where there is a return obligation for grant funding provided, grant revenue is deferred in the Statement of Financial Position and is recognised as deferred income and released to the Statement of Profit or Loss and Other Comprehensive Income as the obligations are satisfied.

##### (d) Income Taxes

No provision for income tax has been made as UnitingCare Queensland and its agencies are exempt from taxation under Division 50 of the *Income Tax Assessment Act (1997)* and have been so endorsed by the Commissioner of Taxation.

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

#### 1 Summary of Significant Accounting Policies (continued)

##### (d) Income Taxes (continued)

UnitingCare Health has a 50% ownership in Wesley Medical Imaging Pty Ltd, a joint venture company which is subject to income tax. An income tax benefit is recognised as a receivable by UnitingCare Health as the income tax paid by Wesley Medical Imaging Pty Ltd will be recouped by UnitingCare Health from the ATO on payments of dividends by Wesley Medical Imaging Pty Ltd.

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

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the ATO. 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. Contingencies and commitments are also disclosed net of GST payable or recoverable. Receivables and payables in the Consolidated Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Consolidated Statement of Financial Position.

Cash flows are presented in the Consolidated Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows within the receipts from clients, funding and others and payments to suppliers and employees.

##### (f) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the revenue received or to be received cannot be measured reliably, there is a risk of return of goods or there is continuing management involvement with the goods. Revenues are recognised at fair value of the consideration received or receivable. Fee revenue is recognised when the service is provided.

##### Rendering of Services

Revenue from services rendered is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in proportion to the stage of completion of the transaction at the end of the annual reporting period to the extent that it is probable that the economic benefits will flow to the entity and that revenue can be reliably measured. The stage of completion is assessed by reference to the stage of work performed.

##### Government Grants

Government grants are not recognised until there is reasonable assurance that the organisation will comply with the conditions attaching to them and the grants will be received. Government grants that are reciprocal in nature are recognised when the service is provided. A reciprocal transfer generally arises when a return obligation exists to the funding provider. Where there is a return obligation, revenue is deferred in the Consolidated Statement of Financial Position and is recognised as deferred income and released to the Consolidated Statement of Profit or Loss and Other Comprehensive Income as the obligations are satisfied. Grants that compensate for the cost of an asset are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income immediately when control is obtained and can be measured reliably.

##### Resident Retentions

Amounts retained as income from entry contributions and accommodation bonds are recognised in accordance with the applicable legislation or the residents' accommodation agreement.

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

#### 1 Summary of Significant Accounting Policies (continued)

##### (f) Revenue Recognition (continued)

###### **Rental Income**

Rental income is accounted for on a straight-line basis over the term of the rental agreement.

###### **Sale of Goods**

Sale of goods revenue is recognised when the control of the goods has been passed to the buyer.

###### **Interest Income**

Interest income is recognised as it 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. This 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.

###### **Donations and Bequests**

Income from donations and bequests are recognised in the year in which they are received.

Donation and fundraising monies are recognised as an asset and revenue when control of the contribution is gained. In instances where these monies are not able to be spent for the intended purpose and as a result, there arises an obligation to repay, a subsequent offsetting expense and liability is recorded.

##### (g) Expenses

###### **Finance Costs**

Finance costs comprise interest payable on borrowings calculated using the effective interest method. Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings;
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- finance charges in respect of finance leases recognised in accordance with AASB117 "Leases".

Finance costs are expensed as incurred and included in net financing costs unless directly attributable to the acquisition or construction of a qualifying asset and then capitalised as part of the cost of that asset. The interest expense component of finance lease payments is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income using the effective interest method.

###### **Leases**

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

Leases of property, plant and equipment where UnitingCare Queensland has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

#### 1 Summary of Significant Accounting Policies (continued)

##### (g) Expenses (continued)

The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the period of the lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

##### **Repairs and Maintenance**

Plant and equipment is serviced on a regular basis. The costs of maintenance are charged as expenses as incurred, except where they relate to a material replacement of a component of an asset, in which case the costs are capitalised and depreciated in accordance with note 1(k). Other routine operating maintenance, repair and minor renewal costs are charged as expenses as incurred.

##### (h) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances, short-term bills and call deposits. Cash and cash equivalents are carried at face value of the amounts deposited or drawn.

Amounts are held separately in Capital Replacement Funds and Maintenance Reserve Funds in accordance with statutory restrictions imposed by the *Retirement Villages Act 1999*.

##### (i) Financial Assets

Financial assets are recognised when UnitingCare Queensland becomes a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in surplus or deficit.

Financial assets are classified into the following specified categories:

- financial assets "at fair value through the profit or loss" (FVTPL);
- "held-to-maturity" investments;
- "available-for-sale" (AFS) financial assets; and
- "loans and receivables".

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

#### 1 Summary of Significant Accounting Policies (continued)

##### (i) Financial Assets (continued)

###### Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets classified as at "fair value through the profit or loss".

###### Financial Assets at Fair Value through Profit or Loss

Financial assets are classified at fair value through profit or loss when the financial asset is either held for trading or it is designated at fair value through profit or loss.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB139 "Financial Instruments: Recognition and Measurement" permits the contract to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on re-measurement recognised in surplus or deficit. The net gain or loss recognised in surplus or deficit incorporates any dividend or interest earned on the financial asset.

###### Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "trade and other receivables". Trade and other receivables are measured at amortised cost using the effective interest method less impairment. Interest income is recognised by applying the effective interest rate.

###### Impairment of Financial Assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each annual reporting period. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

#### 1 Summary of Significant Accounting Policies (continued)

##### (i) Financial Assets (continued)

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually, are in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment 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.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the surplus or deficit.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are re-classified to surplus or deficit in the period.

For financial assets measured at amortised cost, if in a subsequent period, the amount of the impairment loss decreases the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through surplus or deficit to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, impairment losses previously recognised in surplus or deficit are not reversed through surplus or deficit. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of accumulated funds. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

##### **Derecognition of Financial Assets**

UnitingCare Queensland derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If UnitingCare Queensland neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, they recognise its retained interest in the asset and an associated liability for amounts it may have to pay.

If UnitingCare Queensland retains substantially all the risks and rewards of ownership of a transferred financial asset, they continue to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

#### 1 Summary of Significant Accounting Policies (continued)

##### (i) Financial Assets (continued)

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in surplus or deficit.

##### (j) Inventories

Inventories of supplies held for future use are valued at the lower of cost and net realisable value. Costs are assigned to inventories by the method most appropriate to each particular class of inventory, with all categories being valued on a weighted average cost basis.

Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

##### **Inventory Held for Distribution**

Linen costs are valued at replacement value less reduction in this value for life expectancy of inventory in circulation.

##### (k) Property, Plant and Equipment

Freehold land is held at cost and not depreciated. Buildings are carried in the Consolidated Statement of Financial Position at cost less any subsequent accumulated depreciation and any impairment losses.

Items of property, plant and equipment are stated at cost, resulting from transition to Australian Equivalents to International Financial Reporting Standards (AIFRS) or at fair value where gifted to the Uniting Church in Australia Property Trust (Q.) less accumulated depreciation and impairment losses. The cost of self constructed assets includes the cost of materials, direct labour, the initial estimate (where relevant) of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

All items of property, plant and equipment with a cost less than \$1,000 are charged directly to the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

##### **Subsequent Costs**

The subsequent costs of replacing an item of property, plant and equipment are recognised in the carrying value of the asset when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the organisation and the cost of the item can be measured reliably. All other costs are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as an expense as incurred.

##### **Carrying Value**

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

##### **Depreciation**

With the exception of freehold land, depreciation is charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

#### 1 Summary of Significant Accounting Policies (continued)

##### (k) Property, Plant and Equipment (continued)

The expected useful lives are as follows:

###### Class of Asset

|                                     |                |
|-------------------------------------|----------------|
| Buildings and Building Improvements | up to 50 years |
| Plant and Equipment                 | 1 to 15 years  |
| Motor Vehicles                      | 3 to 10 years  |

Assets are depreciated from the date of acquisition or in respect of internally constructed assets, from the time an asset is completed and held ready for use. The residual value, the useful life and the depreciation method applied to an asset are re-assessed at least annually. When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation is expensed in the Statement of Profit or Loss and Other Comprehensive Income.

##### (l) Impairment of Assets

The carrying amounts of assets are reviewed at the end of each annual reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at the end of each annual reporting period.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the surplus or deficit.

Impairment losses recognised in respect of cash generating units are allocated to reduce the carrying amount of the assets in the unit (group of units) on a pro-rata basis.

###### Reversal of Impairment Losses

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine recoverable amount.

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

##### (m) Intangible Assets

###### Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

#### 1 Summary of Significant Accounting Policies (continued)

##### (m) Intangible Assets (continued)

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units expected to benefit from the synergies of the combination. Cash generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

##### Residential Aged Care Places

Residential aged care places represent a right to operate a low care or high care bed. They are issued by the Federal Government free of charge and have no fixed period once operational. Blue Care does not assign a value to bed assets due to the lack of a clear market that buys and sells these assets. Blue Care held 4,119 (2013: 4,235) operational residential aged care places as at 30 June 2014.

##### Other Intangibles

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as an expense when incurred. Annual software licensing costs are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as an expense when incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and sufficient resources exist to complete development.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The expenditure capitalised includes the cost of materials (including the perpetual license to use software), direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as an expense when incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. Capitalised development costs are recorded as intangible assets and amortised from a point at which the asset is ready for use on a straight-line basis over its useful life, which varies from 2 to 8 years.

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

#### 1 Summary of Significant Accounting Policies (continued)

##### (m) Intangible Assets (continued)

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

##### (n) Joint Venture Arrangements

###### Interests in Joint Ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control (that is, when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as "jointly controlled entities".

As permitted under Paragraph 38 of AASB131, the Group has elected to recognise its interest in a jointly controlled entity using the equity method rather than proportionate consolidation method.

The equity method is a method of accounting whereby an interest in a jointly controlled entity is initially recorded at cost and adjusted thereafter for Group's share of the surplus or deficit of the jointly controlled entity.

Income from the sale or use of Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to / from the Group and the amount can be measured reliably.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the accounting policy for goodwill arising in a business combination.

##### (o) Financial Liabilities

Financial liabilities are classified as either financial liabilities "at fair value through profit or loss" or "other financial liabilities".

###### Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities are classified at fair value through profit or loss where the financial liability is either held for trading or it is designated at fair value through profit or loss. A financial liability is held for trading if:

- it has been incurred principally for the purpose of re-purchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

#### 1 Summary of Significant Accounting Policies (continued)

##### (o) Financial Liabilities (continued)

A financial liability other than a financial liability held for trading is designated at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise or;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives and AASB139 permits the entire combined contract (asset or liability) to be designated at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in the surplus or deficit. The net gain or loss recognised in the profit or loss incorporates any interest paid on the financial liability.

##### **Other Financial Liabilities**

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period to the net carrying amount on initial recognition.

##### **Accommodation Bonds and Entry Contributions**

Accommodation bonds and entry contributions received from residents represent non-interest bearing deposits that are refundable in accordance with the relevant legislation and the individual resident agreement in the event the resident leaves a Blue Care facility.

As these accommodation bonds and entry contributions are considered to be repayable on demand, they are recorded at the amount initially received less any retentions Blue Care is allowed to deduct in accordance with the relevant legislation and resident agreement and are not discounted.

##### (p) Employee Benefits

##### **Wages and Salaries**

Liabilities for wages and salaries (including non-monetary benefits) expected to be settled within twelve months of the end of the annual reporting period, are recognised in respect of employees' services up to the end of the annual reporting period. They are carried at nominal value where the liability is expected to be settled within twelve months.

##### **Annual Leave and Long Service Leave**

A liability is recognised for benefits accruing to employees in respect of long service leave, annual leave, long service leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

#### 1 Summary of Significant Accounting Policies (continued)

##### (p) Employee Benefits (continued)

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

##### **Employee Benefit On-costs**

Employee benefit on-costs are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

##### **Rostered Days Off and Time Off In Lieu**

A liability for accrued rostered days off (RDO) and time off in lieu (TOIL) is recognised and has been measured at the amounts expected to be paid when the liabilities are settled.

##### **Sick Leave**

Under enterprise bargaining arrangements applicable to Blue Care employees, sick leave accrued by employees covered by the Queensland Nurses Union (QNU) Award and employees covered by the Australian Services Union (ASU) Award have been recognised and measured at the amounts expected to be paid when the employee takes sick leave entitlements and the balance of the liability is settled on termination. In respect to all other employees, liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

##### (q) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group 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 end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

##### **Onerous contracts**

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where UnitingCare Health has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

#### 1 Summary of Significant Accounting Policies (continued)

##### (r) Borrowings

Borrowings are initially recognised at fair value less any related transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost. Any difference between cost and redemption value is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income over the entire period of the borrowings on an effective interest basis. Fees paid on the establishment of loan facilities, which are not incremental costs relating to the actual draw-down facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are classified as current liabilities unless there is an unconditional right to defer the settlement of the liability for at least twelve months from the end of each annual reporting period.

##### **Capitalised Borrowing Costs**

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the outstanding borrowings during the year.

##### (s) Derivative Financial Instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate risk, including interest rate swaps.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each annual reporting period. The resulting gain or loss is recognised in the surplus or deficit immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in the surplus or deficit depends on the nature of the hedge relationship.

##### (t) Business Streams

A business stream is a distinguishable component of UnitingCare Queensland that is engaged in providing products or services (business information), or in providing products or services within a particular economic environment (geographic information), which is subject to risks and rewards that are different from those of other segments.

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

#### 2 Basis of Preparation

The Consolidated Financial Statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies. Historical cost is generally based on the fair values of the consideration given in exchange for assets. The financial statements are presented in Australian dollars rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Fair value is 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

#### (a) Standards and Interpretations affecting the reported results or financial position

In the current year the Group has applied a number of new and revised accounting standards issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2013.

AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'

The Group has applied the amendments to AASB 7 'Disclosures – Offsetting Financial Assets and Financial Liabilities' for the first time in the current year. The amendments to AASB 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments have been applied retrospectively. As the Group does not have any offsetting arrangements in place, the application of this amendment does not have any material impact on the consolidated financial statements.

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

#### 2 Basis of Preparation (continued)

##### (a) Standards and Interpretations affecting the reported results or financial position (continued)

AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle'

The Annual Improvements to AASBs 2009 - 2011 have made a number of amendments to AASBs. The amendments that are relevant to the Group are the amendments to AASB 101 regarding when a statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The amendments specify that a third statement of financial position is required when a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position.

AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'

In the current year, the Group has applied AASB 119 (as revised in 2011) 'Employee Benefits' and the related consequential amendments for the first time.

AASB 119 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets.

As the Group does not have any defined benefit obligations in place, the application of this amendment does not have any material impact on the consolidated financial statements.

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

#### 2 Basis of Preparation (continued)

##### (a) Standards and Interpretations affecting the reported results or financial position (continued)

AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'

The Group has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for share based payment transactions that are within the scope of AASB 2 'Share-based Payment', leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

AASB 13 requires prospective application from 1 July 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by AASB 13 for the 2013 comparative period (please see note 19(g) for the 2014 disclosures). Other than the additional disclosures, the application of AASB 13 does not have any material impact on the amounts recognised in the consolidated financial statements.

# The United Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

#### 2 Basis of Preparation (continued)

##### (b) Standards and Interpretations in Issue but not yet Adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective. Initial application of the following Standards will not affect any of the amounts recognised in the financial statements but in some instances, will change the disclosures presently made in relation to the general purpose financial statement.

| Standard / Interpretation and the Relevant Amending Standard                                                                                            | Effective for Annual Reporting Periods Beginning On or After | Expected to be Initially Applied in the Financial Year Ended |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------|
| AASB9 Financial Instruments                                                                                                                             | 1 January 2017                                               | 30 June 2018                                                 |
| AASB 1031 'Materiality' (2013)                                                                                                                          | 1 January 2014                                               | 30 June 2015                                                 |
| AASB 2012-3 Amendments to Australian Accounting standards – Offsetting Financial Assets and Financial Liabilities                                       | 1 January 2014                                               | 30 June 2015                                                 |
| AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'                                                          | 1 January 2014                                               | 30 June 2015                                                 |
| AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'                               | 1 January 2014                                               | 30 June 2015                                                 |
| AASB11 Joint Arrangements and AASB 2011-7 Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements Standards | 1 January 2014                                               | 30 June 2015                                                 |
| INT 21 'Levies'                                                                                                                                         | 1 January 2014                                               | 30 June 2015                                                 |

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

| Standard/Interpretation                                                                                | Effective for annual reporting periods beginning on or after | Expected to be initially applied in the financial year ending |
|--------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|---------------------------------------------------------------|
| Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)                   | 1 January 2016                                               | 30 June 2017                                                  |
| Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38) | 1 January 2016                                               | 30 June 2017                                                  |
| IFRS 15 'Revenue from Contracts with Customers'                                                        | 1 January 2017                                               | 30 June 2018                                                  |

# **The Uniting Church in Australia - Queensland Synod UnitingCare Queensland**

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2014**

### **2 Basis of Preparation (continued)**

#### **(b) Standards and Interpretations in Issue but not yet Adopted (continued)**

The potential effect of the revised Standards / Interpretations on the Group's financial statements has not yet been determined.

The financial statements have been prepared on an accruals basis of accounting and include the assumption that UnitingCare Queensland will continue to operate as a going concern. The historical cost convention has been applied, except for the revaluation of certain non-current assets and financial instruments. Cost is based on fair values of the consideration given in exchange for assets. The comparative amounts have been amended for any changes to the presentation or classification of items in the financial statements.

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

|                                           | 2014<br>\$000s   | 2013<br>\$000s   |
|-------------------------------------------|------------------|------------------|
| <b>3 Revenue</b>                          |                  |                  |
| <b>Revenue</b>                            |                  |                  |
| Patient and Client Revenue                | 450,025          | 420,631          |
| Recoverable Revenue                       | 117,701          | 106,252          |
| Non-patient Revenue                       | 14,905           | 14,414           |
| Fundraising and Donation Revenue          | 4,693            | 5,957            |
| Rental Revenue                            | 7,707            | 7,447            |
| Grants and Subsidies Revenue              | 584,464          | 561,318          |
| Revenue from Rendering of Services        | 98,249           | 96,590           |
| Residential Retentions Revenue            | 6,524            | 4,848            |
| Sale of Goods                             | 42,862           | 41,514           |
| Miscellaneous Other Revenue               | 238              | 5                |
| <b>Interest Income</b>                    |                  |                  |
| Uniting Church Investment Services        | 5,566            | 9,797            |
| Other                                     | 3,787            | 2,105            |
| <b>Total Revenue</b>                      | <b>1,336,721</b> | <b>1,270,878</b> |
| <b>Other Income</b>                       |                  |                  |
| Capital Contributions from Clients        | 14,144           | 12,123           |
| Capital Grants from Government            | 5,592            | 29,934           |
| Donations for Capital Acquisitions        | 29               | 40               |
| Bequests                                  | 5,151            | 8,479            |
| Gain on Sale of Fixed Assets              | 14,120           | 3,914            |
| Gain on Sale of Interest in Joint Venture | 24,916           | -                |
| Other Income                              | 5,484            | 9,027            |
| <b>Total Other Income</b>                 | <b>69,436</b>    | <b>63,517</b>    |

# The United Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

|                                                                                                                                                                                                                                                                                                                              | 2014<br>\$000s | 2013<br>\$000s |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| <b>4 Surplus / (Deficit) for the Year</b>                                                                                                                                                                                                                                                                                    |                |                |
| The surplus / (deficit) for the year has been arrived at after charging / (crediting):                                                                                                                                                                                                                                       |                |                |
| <b>(a) Finance Costs</b>                                                                                                                                                                                                                                                                                                     |                |                |
| Interest Expense – Uniting Church Investment Services                                                                                                                                                                                                                                                                        | 13,633         | 15,004         |
| Interest Expense – Other                                                                                                                                                                                                                                                                                                     | 1,045          | 1,400          |
| <b>Total Finance Costs</b>                                                                                                                                                                                                                                                                                                   | <b>14,678</b>  | <b>16,404</b>  |
| <b>(b) Depreciation and Amortisation Expense</b>                                                                                                                                                                                                                                                                             |                |                |
| Depreciation                                                                                                                                                                                                                                                                                                                 | 72,252         | 69,588         |
| Amortisation                                                                                                                                                                                                                                                                                                                 | 7,696          | 5,365          |
| <b>Total Depreciation and Amortisation Expense</b>                                                                                                                                                                                                                                                                           | <b>79,948</b>  | <b>74,953</b>  |
| Note the variance between note 4(b) (depreciation expense) and note 12 of \$NIL (2013: \$102,000). This relates to the accounting treatment of grant funded assets whereby the depreciation expense is recorded against the grant funding liability on the balance sheet. This treatment has been adjusted from 1 July 2013. |                |                |
| <b>(c) Other Expenses</b>                                                                                                                                                                                                                                                                                                    |                |                |
| Other Expenses include:                                                                                                                                                                                                                                                                                                      |                |                |
| Marketing Expenses                                                                                                                                                                                                                                                                                                           | 2,613          | 2,156          |
| Rentals & Leases                                                                                                                                                                                                                                                                                                             | 4,869          | 4,423          |
| Rates & Taxes                                                                                                                                                                                                                                                                                                                | 2,311          | 2,166          |
| Insurance Expenses                                                                                                                                                                                                                                                                                                           | 3,350          | 2,987          |
| Bad and Doubtful Debts                                                                                                                                                                                                                                                                                                       | 1,148          | 953            |
| <b>(d) Write-offs and Impairment</b>                                                                                                                                                                                                                                                                                         |                |                |
| Capital Work in Progress                                                                                                                                                                                                                                                                                                     | 6,879          | 1,712          |
| Goodwill                                                                                                                                                                                                                                                                                                                     | -              | 5              |
| <b>Total Write-offs and Impairment</b>                                                                                                                                                                                                                                                                                       | <b>6,879</b>   | <b>1,717</b>   |

### 5 Auditor's Remuneration

|                                      |              |            |
|--------------------------------------|--------------|------------|
| Audit Fees                           | 899          | 726        |
| Other Regulatory Compliance Services | 70           | 11         |
| Other Assurance Services             | 146          | -          |
| <b>Total Auditor's Remuneration</b>  | <b>1,115</b> | <b>737</b> |

The auditor for UnitingCare Queensland is Deloitte Touche Tohmatsu.

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

|                                        | 2014<br>\$000s | 2013<br>\$000s |
|----------------------------------------|----------------|----------------|
| <b>6 Cash and Cash Equivalents</b>     |                |                |
| Cash on Hand                           | 327            | 412            |
| Cash at Bank                           | 52,748         | 37,909         |
| Deposits – Related Parties             | 310,668        | 305,059        |
| <b>Total Cash and Cash Equivalents</b> | <b>363,743</b> | <b>343,380</b> |

#### Reconciliation of Cash

Cash at the End of the Financial Year is Reconciled to Items in the Consolidated Statement of Financial Position as follows:

|                           |                |                |
|---------------------------|----------------|----------------|
| Cash and Cash Equivalents | 363,743        | 343,380        |
| Bank Overdraft            | -              | -              |
| <b>Total</b>              | <b>363,743</b> | <b>343,380</b> |

Included in the cash and cash equivalents balance are funds received by way of grant or donation \$6,362,674 (2013: \$16,143,282) that are restricted in use to the purpose intended under the grant agreement or donation.

In addition the *Retirement Villages Act 1999* imposes statutory restrictions over all amounts held in Capital Replacement Funds \$10,770,102 (2013: \$8,444,149) and Maintenance Reserve Funds \$2,061,297 (2013: \$1,789,779) which restricts the use for which these funds can be applied. All residential aged care bond deposits received since 1 October 2011 have been expended on projects that meet the *Aged Care Act 1997* "permitted purposes".

Also included in the cash and cash equivalents balance are trust funds received for the Ethal and John Richardson Trust and the Arthur Preston Trust \$768,042 (2013: \$767,654) that are restricted in use to the purpose intended under the trust agreement and funds and funds collected on behalf of Australian Regional and Remote Community Services as part of the Assembly Appeal \$721,667 (2013: NIL).

### 7 Inventories

#### Current

|                               |               |               |
|-------------------------------|---------------|---------------|
| Medical Supplies At Cost      | 9,974         | 10,245        |
| Linen At Net Realisable Value | 792           | 709           |
| Other At Cost                 | 796           | 875           |
|                               | <b>11,562</b> | <b>11,829</b> |

#### Non-current

|                               |            |            |
|-------------------------------|------------|------------|
| Linen At Net Realisable Value | 434        | 402        |
|                               | <b>434</b> | <b>402</b> |

The cost of inventories recognised as an expense during the year in respect of continuing operations was \$197.669 million (2013: \$180.763 million).

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

|                                               | 2014<br>\$000s        | 2013<br>\$000s       |
|-----------------------------------------------|-----------------------|----------------------|
| <b>8 Trade and Other Receivables</b>          |                       |                      |
| Trade Receivables                             | 84,981                | 65,288               |
| Allowance for Impairment of Trade Receivables | (2,380)               | (1,891)              |
|                                               | <u>82,601</u>         | <u>63,397</u>        |
| Bonds Negotiated but not Received             | 12,754                | 9,662                |
| Loans to Other Entities                       | 0                     | 67                   |
| Other Receivables                             | 7,008                 | 2,910                |
| GST Recoverable                               | 4,281                 | 3,438                |
|                                               | <u>24,043</u>         | <u>16,077</u>        |
| <b>Total Trade and Other Receivables</b>      | <b><u>106,644</u></b> | <b><u>79,474</u></b> |

An allowance has been made for estimated irrecoverable trade receivable amounts arising from the past sale of goods and rendering of services, determined by reference to past default experience. Included in the receivables are balances for patient and client services, domiciliary client co-contributions, contract medical services, co-contributions for community aged care packages, residential aged care daily fees, interest on late payment of bonds and miscellaneous care services to residential and community clients.

The group has specifically provided for receivables or considered a general allowance for receivables over 120 days because historical experience is that receivables beyond 120 days are generally not recoverable. Trade receivables between 60 days and 120 days are provided for based on estimated irrecoverable amounts from the sale of goods and rendering of services, determined by reference to past default experience.

#### (a) Ageing of Past Due but Not Impaired

|                |                     |                     |
|----------------|---------------------|---------------------|
| 60 - 90 days   | 2,406               | 2,219               |
| 90 – 120+ days | 2,968               | 2,900               |
| <b>Total</b>   | <b><u>5,374</u></b> | <b><u>5,119</u></b> |

Included in the trade receivable balance of UnitingCare Health are debtors with a carrying amount of \$679,568 (2013: \$357,398) which are past due at the reporting date for which UnitingCare Queensland has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable.

There was also \$4,428,070 (2013: \$3,777,792) of Bonds negotiated but not received which were more than 120 days past due but not impaired. Non-recovery of these would have no impact on income and would also result in an equivalent reduction in the accommodation bonds liability.

Retention income is receivable on these outstanding bonds and any outstanding retention payments are included in the Ageing of Past Due But Not Impaired amounts disclosed where applicable. Outstanding retention debts form part of the Resident Debtors balance within Trade and Other Receivables. Bonds negotiated but not received are also included in Trade Debtors and the balance net of retentions is included in the accommodation bonds liability.

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

|                                                                | 2014<br>\$000s | 2013<br>\$000s |
|----------------------------------------------------------------|----------------|----------------|
| <b>8 Trade and Other Receivables (continued)</b>               |                |                |
| <b>(b) Movement in Allowance for Impairment of Receivables</b> |                |                |
| Balance at Beginning of the Financial Year                     | 1,891          | 1,331          |
| Impairment Losses Recognised on Receivables                    | 1,157          | 886            |
| Amounts Written Off during the Year as Uncollectible           | (686)          | (327)          |
| Amounts Recovered during the Year                              | 14             | 2              |
| Impairment Losses Reversed                                     | 4              | -              |
| <b>Balance at End of the Financial Year</b>                    | <b>2,380</b>   | <b>1,892</b>   |
| <b>9 Other Assets</b>                                          |                |                |
| <b>Current</b>                                                 |                |                |
| Prepayments                                                    | 12,429         | 12,688         |
| Accrued Income                                                 | 8,313          | 8,296          |
| Deposits                                                       | 521            | 521            |
| Other                                                          | -              | 5              |
| <b>Total Other Assets</b>                                      | <b>21,263</b>  | <b>21,510</b>  |
| <b>Non-current</b>                                             |                |                |
| Loans to Other Entities (a)                                    | 1,898          | 2,805          |
| Imputation Tax Receivable                                      | 1,329          | 3,701          |
| Funds Held in Trust                                            | 1,370          | 1,347          |
| <b>Total Other Assets</b>                                      | <b>4,597</b>   | <b>7,853</b>   |

(a) The loan to other entities consists of an unsecured loan to Wesley Medical Imaging Pty Ltd, a 50% joint venture with UnitingCare Health.

The Wesley Medical Imaging Pty Ltd loan is for a ten year period and was provided to assist with working capital and capital development requirements. The directors exercised an option available in the first year of the loan to capitalise interest on the outstanding balance. The interest is charged quarterly at BBSW plus 4% and has been capitalised to the loan.

At 30 June 2014, the balance of the loan was \$1,897,964 (2013: \$2,871,804).

Included in the funds held in trust balance are trust funds received for the Ethel and John Richardson Trust and the Arthur Preston Trust \$1,370,487 (2013: \$1,346,780) that are restricted in use to the purpose intended under the trust agreement.

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

|                                                 | 2014<br>\$000s | 2013<br>\$000s |
|-------------------------------------------------|----------------|----------------|
| <b>10 Assets Classified as Held for Sale</b>    |                |                |
| Land                                            | 620            | -              |
| Buildings                                       | 811            | -              |
| <b>Total Assets Classified as Held for Sale</b> | <b>1,431</b>   | <b>-</b>       |

At June 2014, Blue Care had two properties held for resale.

The first property has an executed contract date of 4 November 2013 for the sale of freehold land (lot 101) and commercial buildings at 405 Bowen Terrace, New Farm, with a land value of \$3,250,000 as per clause 11.1 of the Development Agreement between The Uniting Church in Australia Property Trust (Q) on behalf of Blue Care and Brisbane Housing Company Limited. The date for completion is subject to special conditions as set out in Annexure A of the Development Agreement, but is expected to be completed prior to the end of June 2015.

The second property has an executed contract date 19 June 2014 for the sale of freehold land (lot 2) and commercial office building at 59 Capper Street, Gayndah, with a sale value of \$80,000. The date for completion is 13 August 2014. Refer to note 30 regarding the sale of this property.

### 11 Jointly Controlled Entities

|                                          |              |              |
|------------------------------------------|--------------|--------------|
| Jointly Controlled Entities              | 2,855        | 9,405        |
| <b>Total Jointly Controlled Entities</b> | <b>2,855</b> | <b>9,405</b> |

#### (a) Movements during the Year for Jointly Controlled Entities

|                                               |              |              |
|-----------------------------------------------|--------------|--------------|
| Balance at Beginning of the Financial Year    | 9,405        | 8,116        |
| <i>Add:</i>                                   |              |              |
| Share of Jointly Controlled Entities' Profit  | 2,576        | 3,839        |
| <i>Less:</i>                                  |              |              |
| Distributions Received or Receivable          | (7,683)      | (1,364)      |
| Imputation Tax Credits                        | (881)        | (1,186)      |
| Carrying Amount of Investment at Date of Sale | (562)        | -            |
| <b>Balance at End of the Financial Year</b>   | <b>2,855</b> | <b>9,405</b> |

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

|                                                                                        | 2014<br>\$000s | 2013<br>\$000s |
|----------------------------------------------------------------------------------------|----------------|----------------|
| <b>11 Jointly Controlled Entities (continued)</b>                                      |                |                |
| <b>(b) Summarised Presentation of Consolidated Assets, Liabilities and Performance</b> |                |                |
| <b>Financial Position</b>                                                              |                |                |
| Current Assets                                                                         | 8,921          | 13,096         |
| Non-current Assets                                                                     | 12,858         | 39,652         |
| Current Liabilities                                                                    | (5,655)        | (11,702)       |
| Non-current Liabilities                                                                | (10,414)       | (22,208)       |
| <b>Net Assets</b>                                                                      | <b>5,710</b>   | <b>18,838</b>  |
| Share of Jointly Controlled Entities' Net Assets                                       | 2,855          | 9,416          |
| <b>Financial Performance</b>                                                           |                |                |
| Income                                                                                 | 50,721         | 63,864         |
| Expenses                                                                               | (46,005)       | (56,105)       |
| <b>Profit</b>                                                                          | <b>4,716</b>   | <b>7,759</b>   |
| Share of Jointly Controlled Entities' Profit                                           | 2,576          | 3,839          |
| Less reversal of prior year profit from capital grant                                  | -              | -              |
| <b>Adjusted share of Jointly Controlled Entities' Profit</b>                           | <b>2,576</b>   | <b>3,839</b>   |

### (c) Ownership Interest

| Name                                    | Principal Activities | Ownership Interest |       | Carrying Amount of Investment |                |
|-----------------------------------------|----------------------|--------------------|-------|-------------------------------|----------------|
|                                         |                      | 2014%              | 2013% | 2014<br>\$000s                | 2013<br>\$000s |
| Wesley Radiation Oncology Trust (WROT)  | Healthcare           | 0.00               | 50.00 | -                             | 7,739          |
| Wesley Monash IVF Joint Venture (WMIVF) | Healthcare           | 0.00               | 40.00 | -                             | 2              |
| Wesley Medical Imaging Pty Ltd (WMI)    | Healthcare           | 50.00              | 50.00 | 2,855                         | 1,664          |
|                                         |                      |                    |       | <b>2,855</b>                  | <b>9,405</b>   |

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

#### 11 Jointly Controlled Entities (continued)

In the prior year, UnitingCare Health held a 50% interest in Wesley Radiation Oncology Trust and a 40% interest in Wesley Monash IVF Joint Venture and accounted for the investment as an associate. In November 2013, UnitingCare Health disposed of their interest in Wesley Monash IVF Joint Venture to a third party for \$1.29 million (received in December 2013). In February 2014, UnitingCare Health disposed of their interest in Wesley Radiation Oncology Trust to a third party for \$25 million (received in February 2014). The transactions have resulted in the recognition of a gain in profit or loss, calculated as follows:

|                                              | <b>WROT</b>   | <b>WMIVF</b>  | <b>Total</b>  |
|----------------------------------------------|---------------|---------------|---------------|
|                                              | <b>\$000s</b> | <b>\$000s</b> | <b>\$000s</b> |
| Proceeds of disposal                         | 25,049        | 1,290         | 26,339        |
| Add (Less): carrying amount of investment    | (573)         | 11            | (562)         |
| Less: costs of sale (legals and consultants) | (847)         | (14)          | (861)         |
| <b>Gain Recognised</b>                       | <b>23,629</b> | <b>1,287</b>  | <b>24,916</b> |

A joint and several liability over an asset finance facility amounting to \$10,000,000 have been entered into by the two joint venture parties of Wesley Medical Imaging Pty Ltd. As at the end of the annual reporting period, no funds have been drawn down by the joint venture.

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

|                                                | 2014<br>\$000s   | 2013<br>\$000s   |
|------------------------------------------------|------------------|------------------|
| <b>12 Property, Plant and Equipment</b>        |                  |                  |
| <b>CAPITAL WORKS IN PROGRESS</b>               |                  |                  |
| Capital Works in Progress                      |                  |                  |
| At Cost                                        | 103,294          | 108,987          |
| <b>Total Capital Works in Progress</b>         | <b>103,294</b>   | <b>108,987</b>   |
| <br><b>LAND AND BUILDINGS</b>                  |                  |                  |
| Freehold Land                                  |                  |                  |
| At Cost                                        | 157,095          | 158,922          |
| <b>Total Freehold Land</b>                     | <b>157,095</b>   | <b>158,922</b>   |
| <br>Buildings and Improvements                 |                  |                  |
| At Cost                                        | 1,001,963        | 922,967          |
| Less: Accumulated Depreciation                 | (328,641)        | (309,346)        |
| <b>Total Buildings and Improvements</b>        | <b>673,322</b>   | <b>613,621</b>   |
| <b>Total Land and Buildings</b>                | <b>830,417</b>   | <b>772,543</b>   |
| <br><b>PLANT AND EQUIPMENT</b>                 |                  |                  |
| Plant and Equipment                            |                  |                  |
| At Cost                                        | 352,162          | 332,562          |
| Less: Accumulated Depreciation                 | (206,660)        | (191,108)        |
| <b>Total Plant and Equipment</b>               | <b>145,502</b>   | <b>141,454</b>   |
| <br>Motor Vehicles                             |                  |                  |
| At Cost                                        | 51,683           | 51,433           |
| Less: Accumulated Depreciation                 | (24,233)         | (24,751)         |
| <b>Total Motor Vehicles</b>                    | <b>27,450</b>    | <b>26,682</b>    |
| <br><b>Total Plant and Equipment</b>           | <b>172,952</b>   | <b>168,136</b>   |
| <br><b>Total Property, Plant and Equipment</b> | <b>1,106,663</b> | <b>1,049,666</b> |

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

#### 12 Property, Plant and Equipment (continued)

Legal title to all property beneficially utilised in the services of the organisation is held in trust by the Uniting Church in Australia Property Trust (Q.) (Property Trust).

##### **Assets Pledged as Security**

Freehold land and buildings with a carrying amount of \$139,440,037, (2013: \$145,311,465) have been pledged to secure borrowings of the Property Trust. The freehold land and buildings have been pledged as security for bank loans under a mortgage. The Property Trust is not allowed to pledge these assets as security for other borrowings or to sell them to another entity without the approval from the Australia and New Zealand Banking Group Limited.

The group entered into a contract in June 2012 with the Commonwealth of Australia for funding support to construct a 96 day bed hospital in Hervey Bay that is fully equipped with e-Health technology to deliver a fully digital hospital. The contract requires the pledge of certain assets at Hervey Bay as security for the completion of obligations under this contract. As at 30 June 2014 \$36,324,946, (2013: \$32,688,582) had been received and assets to this value are expected to be pledged in the 2014 financial year.

During the year, freehold land and buildings with a carrying amount of \$5,148,719 (2013: \$335,577) have been pledged to the Queensland Government to secure grant funding over two centre based day care facilities in Gatton and Goondiwindi and two centre based day respite centres in Coomera and Toowoomba. The freehold land and buildings have been pledged as security under grant funding agreements under a mortgage. The Group is able to pledge these assets as security for other borrowings provided that the funder remains as a second mortgagee.

In total, assets of \$41,473,665, (2013: \$33,024,159) which is 3.8% of total property, plant and equipment, has been or will be pledged to secure government grants.

##### **Leased Assets**

Plant and equipment includes an amount of \$10,424,000, (2013: \$7,748,158) of leased equipment at cost and \$3,411,747 (2013: \$2,533,986) of accumulated depreciation where UnitingCare Health is a lessee under a finance lease.

##### **St Stephen Hospital, Maryborough**

In May 2013, St Stephens Hospital, Maryborough announced that acute care services will transition to Hervey Bay when the expanded facility opens in October 2014. UnitingCare Health has made the decision to not operate St Stephens Hospital, Maryborough as a hospital. The future use of the facility is yet to be determined.

# The United Church in Australia - Queensland Synod UnitingCare Queensland

## Notes to the Financial Statements

For the Year Ended 30 June 2014

### 12 Property, Plant and Equipment (continued)

#### Movements in Carrying Amounts

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

|                                           | Capital<br>Works in<br>Progress<br>\$000s | Land<br>\$000s | Buildings and<br>Improvements<br>\$000s | Plant and<br>Equipment<br>\$000s | Motor<br>Vehicles<br>\$000s | Total<br>\$000s  |
|-------------------------------------------|-------------------------------------------|----------------|-----------------------------------------|----------------------------------|-----------------------------|------------------|
| <b>2013</b>                               |                                           |                |                                         |                                  |                             |                  |
| Balance at Beginning of the Year          | 112,905                                   | 151,180        | 558,296                                 | 138,228                          | 27,343                      | 987,952          |
| Additions                                 | 90,897                                    | 817            | 20,537                                  | 16,006                           | 9,403                       | 137,660          |
| Disposals                                 | (1,181)                                   | (766)          | (604)                                   | (96)                             | (1,570)                     | (4,217)          |
| Impairment                                | (1,712)                                   | -              | -                                       | -                                | -                           | (1,712)          |
| Transfers                                 | (91,922)                                  | 7,691          | 68,396                                  | 15,508                           | -                           | (327)            |
| Depreciation Expense                      | -                                         | -              | (33,004)                                | (28,192)                         | (8,494)                     | (69,690)         |
| <b>Carrying Amount at End of the Year</b> | <b>108,987</b>                            | <b>158,922</b> | <b>613,621</b>                          | <b>141,454</b>                   | <b>26,682</b>               | <b>1,049,666</b> |
| <b>2014</b>                               |                                           |                |                                         |                                  |                             |                  |
| Balance at Beginning of the Year          | 108,987                                   | 158,922        | 613,621                                 | 141,454                          | 26,682                      | 1,049,666        |
| Additions                                 | 118,012                                   | 351            | 9,091                                   | 17,657                           | 12,070                      | 157,181          |
| Disposals                                 | (585)                                     | (2,023)        | (1,715)                                 | (908)                            | (2,857)                     | (8,088)          |
| Impairment                                | (6,879)                                   | -              | -                                       | -                                | -                           | (6,879)          |
| Transfers                                 | (116,139)                                 | 465            | 88,009                                  | 16,233                           | -                           | (11,432)         |
| Depreciation Expense                      | -                                         | -              | (34,873)                                | (28,934)                         | (8,445)                     | (72,252)         |
| Other                                     | (102)                                     | (620)          | (811)                                   | -                                | -                           | (1,533)          |
| <b>Carrying Amount at End of the Year</b> | <b>103,294</b>                            | <b>157,095</b> | <b>673,322</b>                          | <b>145,502</b>                   | <b>27,450</b>               | <b>1,106,663</b> |

Certain transfers out of capital work in progress have been processed through asset class additions and transfers to intangible assets have been recognised as additions in note 13

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

#### 13 Intangible Assets

|                                | Computer<br>Software<br>\$000s | Goodwill<br>\$000s | Total<br>\$000s |
|--------------------------------|--------------------------------|--------------------|-----------------|
| <b>2013</b>                    |                                |                    |                 |
| Opening Balance                | 20,495                         | 5                  | <b>20,500</b>   |
| Additions                      | 5,705                          | -                  | <b>5,705</b>    |
| Disposals                      | -                              | -                  | -               |
| Transfers                      | 327                            | -                  | <b>327</b>      |
| Impairment                     | -                              | (5)                | <b>(5)</b>      |
| Amortisation                   | (5,365)                        | -                  | <b>(5,365)</b>  |
| <b>Balance at 30 June 2013</b> | <b>21,162</b>                  | <b>-</b>           | <b>21,162</b>   |
| <b>2014</b>                    |                                |                    |                 |
| Opening Balance                | 21,162                         | -                  | <b>21,162</b>   |
| Additions                      | 10,898                         | -                  | <b>10,898</b>   |
| Disposals                      | (410)                          | -                  | <b>(410)</b>    |
| Transfers                      | 1,739                          | -                  | <b>1,739</b>    |
| Amortisation                   | (7,696)                        | -                  | <b>(7,696)</b>  |
| <b>Balance at 30 June 2014</b> | <b>25,693</b>                  | <b>-</b>           | <b>25,693</b>   |

Intangible assets include all costs incurred in development and customisation of various software programs utilised by UnitingCare Queensland in its operations.

#### Significant Intangible Assets

UnitingCare Health has licenses for a clinical information system and supporting business and financial software that manages patient clinical, invoicing and financial information. The carrying amount of the licenses is \$2,912,592 (2013: \$2,826,213) due to upgrades and ongoing improvements. It is expected that this will be fully amortised in two to five years (2013: two to five years).

During the year ended 30 June 2014, Blue Care incurred costs for the following: (i) for significant enhancements to the client care system, \$6,814,899; (ii) Microsoft Exchange/Citrix upgrades at a cost of \$1,241,966; and (iii) new budget tool software at a cost of \$709,061. During the year ended 30 June 2013, Blue Care updated the client care system at a cost of \$2,108,951.

In Group Office the significant intangible assets are related to the Service Now customer service and tracking platform. The Service Now asset has a carrying value of \$165,234 and the remote monitoring sub-module of Service Now including its integration to the outsourced service provider has a carrying value of \$1,037,842.

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

|                                                   | 2014<br>\$000s | 2013<br>\$000s |
|---------------------------------------------------|----------------|----------------|
| <b>14 Trade and Other Payables</b>                |                |                |
| <b>Current</b>                                    |                |                |
| Trade Payables                                    | 37,352         | 33,516         |
| Sundry Payables and Accrued Expenses              | 51,535         | 35,653         |
| Other Payables                                    | 392            | 1,203          |
| <b>Total Current Trade and Other Payables</b>     | <b>89,279</b>  | <b>70,372</b>  |
| <b>Non-current</b>                                |                |                |
| Maintenance Reserve Funds                         | 1,967          | 1,653          |
| <b>Total Non-current Trade and Other Payables</b> | <b>1,967</b>   | <b>1,653</b>   |

The group have financial risk management policies in place to ensure that payables are paid within the credit framework. The credit framework is determined by the terms of the creditors and interest is not payable when paid within trading terms.

Maintenance Reserve Funds are established under section 97 of the Retirement Villages Act 1999 (Qld) for maintaining and repairing the retirement villages' capital items. The amounts held in the funds are solely for the benefit of the residents and the residents are solely responsible for contributing to the funds. The balance of the fund is set annually by an external quantity surveyor and drawn down as the allowed items are incurred.

### 15 Accommodation Bonds and Entry Contributions

|                                                          |                |                |
|----------------------------------------------------------|----------------|----------------|
| <b>Current</b>                                           |                |                |
| Accommodation Bonds – Aged Care Facilities               |                |                |
| Expected to be paid within 12 months                     | 49,259         | 43,636         |
| Accommodation Bonds – Aged Care Facilities               |                |                |
| Not Expected to be Paid within 12 months                 | 100,541        | 107,877        |
| Entry Contributions – Retirement Villages                |                |                |
| Expected to be paid within 12 months                     | 16,176         | 16,396         |
| Entry Contributions – Retirement Villages                |                |                |
| Not Expected to be Paid within 12 months                 | 97,757         | 69,824         |
| <b>Total Accommodation Bonds and Entry Contributions</b> | <b>263,733</b> | <b>237,733</b> |

Accommodation Bonds are held in respect of clients in residential aged care facilities. Entry Contributions are held for clients of retirement living units covered under the Retirement Villages Act. These are recognised as current liabilities for reporting purposes but have been split in this note into the ageing categories for information enhancement. This is based on refunds expected to be paid. The cash required to cover the refund of Accommodation Bonds are subject to a documented liquidity management strategy.

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

|                                                | 2014<br>\$000s | 2013<br>\$000s |
|------------------------------------------------|----------------|----------------|
| <b>16 Borrowings</b>                           |                |                |
| <b>Current</b>                                 |                |                |
| Finance Lease Obligation (a)                   | 1,083          | 1,037          |
| <b>Total Current Borrowings</b>                | <b>1,083</b>   | <b>1,037</b>   |
| <b>Non-current</b>                             |                |                |
| Finance Lease Obligation (a)                   | 2,913          | 4,063          |
| Loans - Uniting Church Investment Services (b) | 228,780        | 224,329        |
| <b>Total Non-current Borrowings</b>            | <b>231,693</b> | <b>228,392</b> |

(a) Secured by the assets leased. The borrowings are a mix of variable and fixed interest rate debt with repayment periods up to seven years. The current weighted average effective interest rate on the finance lease liabilities is 6.153% p.a. (2013: 6.27% p.a.).

(b) Interest of 6.06% pa – 6.30% pa is charged on outstanding loan balances (2013: 6.27% pa – 7.1% pa).

#### Total Current and Non-current Secured Liabilities

|                                                          |                |                |
|----------------------------------------------------------|----------------|----------------|
| Finance Lease Obligations                                | 3,996          | 5,100          |
| Loans - Uniting Church Investment Services               | 228,780        | 224,329        |
| <b>Total Current and Non-current Secured Liabilities</b> | <b>232,776</b> | <b>229,429</b> |

#### Finance Leases

Finance leases relate to equipment with lease terms of one to fifteen years. The group has the option to purchase the equipment for a nominal amount at the conclusion of the lease agreements.

The obligation under finance leases are secured by the lessor's title to the leased assets.

#### (a) Assets Pledged as Security

As at the end of the annual reporting period, no assets other than assets under a finance lease, and those assets outlined in note 12, are pledged as security.

The group has no legal right of set-off of any assets and liabilities.

#### (b) Bank Loan Facility

Unrestricted access was available at the end of the annual reporting period to the following lines of credit:

|                                                  |               |               |
|--------------------------------------------------|---------------|---------------|
| Total Facilities (Related Party)                 | 253,000       | 253,000       |
| Less: Used at the End of the Reporting Period    | (228,780)     | (224,329)     |
| <b>Unused at the End of the Reporting Period</b> | <b>24,220</b> | <b>28,671</b> |

The facility may be drawn at any time. The interest rates at the end of the annual reporting period were BBSW 30d + 3.5% pa (2013: BBSW 30d + 3.5% pa).

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

|                                                                 | 2014<br>\$000s | 2013<br>\$000s |
|-----------------------------------------------------------------|----------------|----------------|
| <b>17 Employee Benefits and Other Provisions</b>                |                |                |
| <b>Current</b>                                                  |                |                |
| Liability for Annual Leave                                      | 63,289         | 58,747         |
| Liability for Long Service Leave                                | 52,704         | 49,413         |
| Liability for Accrued Day Off and Other Leave                   | 1,438          | 1,481          |
| Liability for Sick Leave                                        | 5,865          | 5,749          |
| Other Provision                                                 | 117            | 23             |
| <b>Total Current Employee Benefits and Other Provisions</b>     | <b>123,413</b> | <b>115,413</b> |
| <b>Non-current</b>                                              |                |                |
| Liability for Long Service Leave                                | 16,056         | 15,462         |
| <b>Total Non-current Employee Benefits and Other Provisions</b> | <b>16,056</b>  | <b>15,462</b>  |

### 18 Other Liabilities

|                                            |               |               |
|--------------------------------------------|---------------|---------------|
| <b>Current</b>                             |               |               |
| Fundraising Monies Held in Trust           | 1,246         | 1,110         |
| Grant Funding Liability                    | 28,160        | 22,904        |
| Unearned Income (a)                        | 720           | 545           |
| Income Received in Advance                 | 1,692         | 141           |
| <b>Total Current Other Liabilities</b>     | <b>31,818</b> | <b>24,700</b> |
| <b>Non-current</b>                         |               |               |
| Fundraising Monies Held in Trust           | 598           | 588           |
| Unearned Income (a)                        | 9,274         | 9,490         |
| <b>Total Non-current Other Liabilities</b> | <b>9,872</b>  | <b>10,078</b> |

(a) A lease to Wesley Research Institute Limited is for a 99 year period and has been prepaid. This lease does not have an option to renew or purchase the leased asset at the expiry of the lease period.

The Wesley Hospital entered into an 18 year lease with Wesley Medical Imaging (WMI) for an extension immediately adjacent to the existing leased space. The construction of the external walls, roof and floors of the leased space has been funded by WMI as a prepaid lease consideration. The asset is recognised as an asset of UnitingCare Health and the prepaid rental amortised over the term of the lease.

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

#### 19 Financial Instruments

**(a) Financial Risk Management Objectives**

The Group's activities expose it to a variety of financial risks; market risks (including fair value interest rate risk), credit risk, liquidity risk, and cash flow interest rate risk. The overall risk management program of UnitingCare Queensland focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance. UnitingCare Queensland from time to time uses derivative financial instruments such as interest rate swaps, to hedge certain risk exposures.

UnitingCare Queensland and its Service Group's deposit funds with and borrow funds from Uniting Church Investment Services (UCIS), the Treasury arm of The Uniting Church Property Trust (Q.). Risk management is carried out under policies approved by the Finance Investment Property Trust Board.

**(b) Capital Risk Management**

UnitingCare Queensland manages capital to ensure that the organisation will be able to continue as a going concern while maximising the return through optimisation of the debt and funds balance.

The capital structure consists of debt borrowings as detailed in note 16 and cash and cash equivalents as detailed in note 6.

Operating cash flows are used to maintain and expand the services assets, as well as to make the routine outflows of tax and repayment of maturing debt. The policy is to borrow centrally, using a variety of borrowing facilities to meet anticipated funding requirements.

**(c) Credit Risk Management**

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. At the end of the annual reporting period there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Consolidated Statement of Financial Position.

**(d) Market Risk**

UnitingCare Queensland has significant interest-bearing assets and therefore, the income and operating cash flows are materially exposed to changes in market interest rates.

**(e) Liquidity Risk Management**

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out of market positions. UCIS maintains flexibility in funding by keeping credit lines available.

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

#### 19 Financial Instruments (continued)

##### Financial Assets

The following table details the Group's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

|                                  | Effective<br>Interest<br>Rate | Maturing<br>1 Year | Maturing<br>1-2 Years | Maturing<br>> 2 Years | Total          |
|----------------------------------|-------------------------------|--------------------|-----------------------|-----------------------|----------------|
|                                  |                               | \$000s             | \$000s                | \$000s                | \$000s         |
|                                  | %                             |                    |                       |                       |                |
| <b>30 June 2013</b>              |                               |                    |                       |                       |                |
| Non-interest Bearing Available   |                               |                    |                       |                       |                |
| Cash and Cash Equivalents        |                               | 412                | -                     | -                     | 412            |
| Receivables                      |                               | 69,812             | -                     | -                     | 69,812         |
| Floating Interest Rate Available |                               |                    |                       |                       |                |
| Cash and Cash Equivalents        | 3.56                          | 342,968            | -                     | -                     | 342,968        |
| Loan to Other Entities           | 7.77                          | 175                | 438                   | 2,192                 | 2,805          |
| Other Current Assets             | 3.00                          | 521                | -                     | -                     | 521            |
| Other Receivables                |                               | 9,662              | -                     | 3,701                 | 13,363         |
| <b>Total Financial Assets</b>    |                               | <b>423,550</b>     | <b>438</b>            | <b>5,893</b>          | <b>429,881</b> |
| <b>30 June 2014</b>              |                               |                    |                       |                       |                |
| Non-interest Bearing Available   |                               |                    |                       |                       |                |
| Cash and Cash Equivalents        |                               | 326                | -                     | -                     | 326            |
| Receivables                      |                               | 93,889             | -                     | -                     | 93,889         |
| Floating Interest Rate Available |                               |                    |                       |                       |                |
| Cash and Cash Equivalents        | 2.37                          | 363,417            | -                     | -                     | 363,417        |
| Loan to Other Entities           | 6.69                          | -                  | 145                   | 1,753                 | 1,898          |
| Other Current Assets             | 3.07                          | 521                | -                     | -                     | 521            |
| Other Receivables                |                               | 12,754             | -                     | 1,329                 | 14,083         |
| <b>Total Financial Assets</b>    |                               | <b>470,907</b>     | <b>145</b>            | <b>3,082</b>          | <b>474,134</b> |

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

#### 19 Financial Instruments (continued)

##### Financial Liabilities

The following table details the Group's expected maturity for its financial liabilities.

|                                                 | Effective<br>Interest<br>Rate<br>% | Maturing<br>1 Year<br>\$000s | Maturing<br>1-2 Years<br>\$000s | Maturing<br>> 2 Years<br>\$000s | Total<br>\$000s |
|-------------------------------------------------|------------------------------------|------------------------------|---------------------------------|---------------------------------|-----------------|
| <b>30 June 2013</b>                             |                                    |                              |                                 |                                 |                 |
| Floating Interest Rate Available                |                                    |                              |                                 |                                 |                 |
| Bank Loans and Overdrafts                       | 6.27                               | 1,037                        | -                               | 228,392                         | <b>229,429</b>  |
| Non-interest Bearing Available                  |                                    |                              |                                 |                                 |                 |
| Accommodation Bonds and Entry Contributions (i) |                                    | 237,733                      | -                               | -                               | <b>237,733</b>  |
| Trade and Other Payables                        |                                    | 72,025                       | -                               | -                               | <b>72,025</b>   |
| Other Liabilities                               |                                    | 24,014                       | 588                             | -                               | <b>24,602</b>   |
| <b>Total Financial Liabilities</b>              |                                    | <b>334,809</b>               | <b>588</b>                      | <b>228,392</b>                  | <b>563,789</b>  |
| <b>30 June 2014</b>                             |                                    |                              |                                 |                                 |                 |
| Floating Interest Rate Available                |                                    |                              |                                 |                                 |                 |
| Bank Loans and Overdrafts                       | 6.15                               | 1,083                        | -                               | 231,693                         | <b>232,776</b>  |
| Non-interest Bearing Available                  |                                    |                              |                                 |                                 |                 |
| Accommodation Bonds and Entry Contributions (i) |                                    | 263,733                      | -                               | -                               | <b>263,733</b>  |
| Trade and Other Payables                        |                                    | 91,246                       | -                               | -                               | <b>91,246</b>   |
| Other Liabilities                               |                                    | 29,406                       | 598                             | -                               | <b>30,004</b>   |
| <b>Total Financial Liabilities</b>              |                                    | <b>385,468</b>               | <b>598</b>                      | <b>231,693</b>                  | <b>617,759</b>  |

- (i) Blue Care has negotiated 164 bonds and 136 entry contributions for the year ended 30 June 2014. During this same period, 230 bonds and 90 entry contributions were refunded. The value of new bonds is approximately \$44,000 higher for each bond than the value of bonds refunded.

This compares with the year ended 30 June 2013 where 169 bonds and 103 entry contributions were negotiated and 214 bonds and 66 entry contributions were refunded. The value of new bonds was approximately \$34,000 higher for each bond than the value of bonds refunded.

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

2014  
\$000s

2013  
\$000s

#### 19 Financial Instruments (continued)

##### (f) Interest Rate Risk Management

###### Interest Rate Sensitivity Analysis

Interest rate risks on borrowings are managed with the aim of reducing the impact of short-term fluctuations in earnings. Over the longer-term, however, permanent changes in interest rates would have an impact on earnings. At 30 June 2014, it is estimated that a general increase of one percentage point in interest rates on borrowings would decrease the net result for the year by approximately \$2,327,759 (2013: \$2,294,293). The borrowings relates to loans held by UnitingCare Health.

##### (g) Fair Value of Financial Instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.
- the fair value of derivative instruments, are calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives and option pricing models for optional derivatives.
- the fair value of monetary financial assets and financial liabilities not readily traded in an organised financial market are determined by valuing them at the present value of contractual future cash flows on amounts due from customers (reduced for expected credit losses) or due to suppliers. The carrying amounts of financial assets and financial liabilities which have been recognised on the Consolidated Statement of Financial Position approximate their fair values.

|                                             | Note | Level | Carrying<br>Amount<br>2014<br>\$000s | Fair<br>Value<br>2014<br>\$000s | Carrying<br>Amount<br>2013<br>\$000s | Fair<br>Value<br>2013<br>\$000s |
|---------------------------------------------|------|-------|--------------------------------------|---------------------------------|--------------------------------------|---------------------------------|
| <b>Financial Assets</b>                     |      |       |                                      |                                 |                                      |                                 |
| Cash and Cash Equivalents                   | 6    | 1     | 363,743                              | 363,743                         | 343,380                              | 343,380                         |
| Trade and Other Receivables                 | 8    | 2     | 106,644                              | 106,644                         | 79,474                               | 79,474                          |
| Loans to Other Entities                     | 9    | 2     | 1,898                                | 1,898                           | 2,805                                | 2,805                           |
| Other Assets                                | 9    | 2     | 1,850                                | 1,850                           | 4,222                                | 4,222                           |
| <b>Financial Liabilities</b>                |      |       |                                      |                                 |                                      |                                 |
| Trade and Other Payables                    | 14   | 2     | 91,246                               | 91,246                          | 72,025                               | 72,025                          |
| Accommodation Bonds and Entry Contributions | 15   | 2     | 263,733                              | 263,733                         | 237,733                              | 237,733                         |
| Bank Loans and Overdrafts                   | 16   | 2     | 232,776                              | 232,776                         | 229,429                              | 229,429                         |
| Other Liabilities                           | 18   | 2     | 30,004                               | 30,004                          | 24,602                               | 24,602                          |

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models, with the most significant input being the discount rate that reflects the credit risk of counterparties.

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

| 2014   | 2013   |
|--------|--------|
| \$000s | \$000s |

#### 20 Obligations under Finance Leases

##### (a) Leasing Arrangements

Finance leases relate to equipment with lease terms of one to fifteen years. An option to purchase the equipment for a nominal amount at the conclusion of the lease agreement exists.

##### (b) Finance Lease Liabilities

###### Minimum Lease Payments Payable

|                                                |              |              |
|------------------------------------------------|--------------|--------------|
| No later than 12 months                        | 1,341        | 1,364        |
| Between 12 months and 5 years                  | 3,193        | 4,600        |
| Greater than 5 years                           | 0            | 9            |
| Minimum Lease Payments                         | 4,534        | 5,973        |
| Less: Future Finance Changes                   | (538)        | (873)        |
| <b>Present Value of Minimum Lease Payments</b> | <b>3,996</b> | <b>5,100</b> |

###### Present Value of Minimum Lease Payments Payable

|                                                |              |              |
|------------------------------------------------|--------------|--------------|
| No later than 12 months                        | 1,083        | 1,037        |
| Between 12 months and 5 years                  | 2,913        | 4,055        |
| Greater than 5 years                           | 0            | 8            |
| <b>Present Value of Minimum Lease Payments</b> | <b>3,996</b> | <b>5,100</b> |

##### (c) Fair Value

The fair value of the finance lease liabilities is approximately equal to their carrying amount.

#### 21 Operating Lease Arrangements

##### (a) Leasing Arrangements

Operating leases relate to leases of office and warehouse facilities, motor vehicles and equipment with lease terms of between three to six years.

##### (b) Payments Recognised as an Expense

|                        |               |               |
|------------------------|---------------|---------------|
| Minimum Lease Payments | 18,974        | 19,462        |
|                        | <b>18,974</b> | <b>19,462</b> |

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

| 2014   | 2013   |
|--------|--------|
| \$000s | \$000s |

#### 21 Operating Lease Arrangements (continued)

##### (c) Non-cancellable Operating Lease Commitments

Non-cancellable operating leases over plant and IT equipment, motor vehicles and premises contracted for but not capitalised in the financial statements are payable as follows:

##### Minimum Lease Payments Payable

|                               |               |               |
|-------------------------------|---------------|---------------|
| Not later than 12 months      | 14,876        | 13,834        |
| Between 12 months and 5 years | 19,616        | 17,039        |
| Greater than 5 years          | 1,197         | 1,639         |
|                               | <b>35,689</b> | <b>32,512</b> |

#### 22 Commitments for Expenditure

##### (a) Capital Expenditure Commitments

##### Buildings

|                               |               |               |
|-------------------------------|---------------|---------------|
| Not later than 12 months      | 24,770        | 59,530        |
| Between 12 months and 5 years | -             | 1,142         |
|                               | <b>24,770</b> | <b>60,672</b> |

##### Plant and Equipment

|                          |              |              |
|--------------------------|--------------|--------------|
| Not later than 12 months | 4,867        | 2,505        |
|                          | <b>4,867</b> | <b>2,505</b> |

##### Software

|                          |            |              |
|--------------------------|------------|--------------|
| Not later than 12 months | 346        | 7,646        |
|                          | <b>346</b> | <b>7,646</b> |

##### (b) Lease Commitments

Finance lease liabilities and non-cancellable operating lease commitments are disclosed in notes 21 and 22 to the financial statements.

##### (c) Other Expenditure Commitments

Expenditure commitments for software licenses, maintenance and other contracts total \$30,881,003 (2013: \$3,108,007). \$5,748,246 (2013: NIL) is committed in the next twelve months and \$25,132,757 (2013: \$3,108,007) is committed between twelve months and five years.

There are no other material expenditure commitments other than those disclosed above.

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

#### 23 Contingent Liabilities

Periodically, the organisation is notified of claims from previous and / or current people who have received services from the Uniting Church or its predecessor Denominations. Although UnitingCare Queensland and the Uniting Church of Queensland meet with claimants, any payments made to claimants are paid by the Church and / or insurers and not by UnitingCare Queensland.

The hospitals of UnitingCare Health have been named in several legal claims of a medical nature. The outcome of these claims is uncertain. The UnitingCare Queensland Board are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement. Insurance policies are adequate to meet these claims. The maximum exposure to liability for excess payments in respect of these claims is \$373,355 (2013: \$607,247).

UnitingCare Health has bank guarantees with UCIS totalling \$279,510 (2013: \$279,510).

UnitingCare Health, Blue Care and UnitingCare Community have from time to time received capital grants from the State and Commonwealth Government. Any unutilised portion may be repayable in circumstances where the asset is sold or its use is discontinued.

The Child Care centres operated by the organisation were built with the assistance of the Commonwealth and State Governments. The terms of the agreement provide that any Government funds for the initial construction costs less 4% of the funds per year must be repaid if the centres were closed down within 25 years from the date of initial use. The organisation has no current intention to close these centres. The contingent liability at 30 June 2014, if the centres were to be closed within the 25 years period, is \$369,940 (2013: \$429,435).

Other than the above matters, and the provision of several bank guarantees, the Board is not aware of any other contingent liabilities at the date of this report.

#### 24 Transfer of Common Control Entity

During the 2013 year, the assets and liabilities of Congress Community Development and Education Unit Limited (CCDEU) was transferred from the Uniting Church in Australia – Queensland Synod to Blue Care. The total net effect of this common control transaction of \$6,138,185 was recognised in Other Comprehensive Income over the past two financial years and accounted for as a reserve in the Statement of Changes in Funds.

The balances transferred are as follows:

|                                                  | <b>Total</b>   |
|--------------------------------------------------|----------------|
|                                                  | <b>\$000's</b> |
| <b>For the year ended 30 June 2013</b>           |                |
| Total Assets                                     | 9,619          |
| Total Liabilities                                | (3,743)        |
| <b>Net Assets of Common Control Entity</b>       | <b>5,876</b>   |
| <b>For the year ended 30 June 2014</b>           |                |
| Adjustment to Assets Transferred                 | 262            |
| <b>Total Net Assets of Common Control Entity</b> | <b>6,138</b>   |

# The United Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

|                                                                                   | 2014<br>\$000s | 2013<br>\$000s |
|-----------------------------------------------------------------------------------|----------------|----------------|
| <b>25 Cash Flow Information</b>                                                   |                |                |
| <b>Reconciliation of Cash Flow from Operating Activities to Operating Surplus</b> |                |                |
| Operating Surplus (a)                                                             | 35,868         | 28,805         |
| <br>Cash Flows Excluded from Profit Attributable to Operating Activities          |                |                |
| Adjustments for:                                                                  |                |                |
| Depreciation and Amortisation Expense                                             | 79,948         | 74,953         |
| Retentions from Accommodation Bonds and Entry Contributions                       | (6,524)        | (4,848)        |
| Fair Value Loss on Financial Instrument                                           | -              | (481)          |
| Cash Distributions from Jointly Controlled Entities                               | 7,683          | 1,835          |
| (Gain) / Loss on Sale of Assets                                                   | (38,201)       | (3,567)        |
| Write-offs and Impairment of Non-current Asset                                    | 6,879          | 1,717          |
| Share of Profits in Associates                                                    | (2,576)        | (3,839)        |
| (Increase) / Decrease in Trade and Other Receivables                              | (28,429)       | 5,081          |
| (Increase) / Decrease in Prepayments                                              | 505            | (330)          |
| (Increase) / Decrease in Inventories                                              | 234            | (582)          |
| (Increase) / Decrease in Other Current Assets                                     | 7,775          | (3,272)        |
| Increase / (Decrease) in Trade Payable and Other Payables                         | 19,182         | (2,530)        |
| Increase / (Decrease) in Other Creditors                                          | 7,320          | (1,842)        |
| Increase in Resident Accounts                                                     | -              | 227            |
| Increase in Employee Benefits and Other Provisions                                | 8,600          | 10,619         |
| <b>Net Cash Inflow from Operating Activities</b>                                  | <b>98,264</b>  | <b>101,946</b> |

- (a) Operating surplus includes other income which does not form part of revenue from continuing operations amounting to \$32,142,636 (2013: \$32,770,312)

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

| 2014   | 2013   |
|--------|--------|
| \$000s | \$000s |

#### 26 Key Management Personnel Compensation

In addition to their salaries, the organisation provides non-cash benefits to key management personnel. Key management personnel compensation paid to executives included in salaries and employee costs (refer to Consolidated Statement of Profit or Loss and Other Comprehensive Income) are as follows:

|                              |              |              |
|------------------------------|--------------|--------------|
| Short-term Employee Benefits | 8,711        | 7,588        |
| Post-employment Benefits     | 863          | 779          |
| Termination Benefits         | 387          | 189          |
|                              | <b>9,961</b> | <b>8,556</b> |

#### Other Key Management Personnel Transactions with the Organisation or its Controlled Entities

A number of key managers, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

A number of these entities transacted with the organisation in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on an arm's length basis, for similar transactions to non-key management personnel related entities.

From time to time, the UnitingCare Queensland Board members or their related entities may purchase goods or services from the organisation. These purchases are on the same terms and conditions as those entered into by employees or customers and are trivial or domestic in nature.

#### 27 Other Related Party Disclosures

##### (a) Equity Interests in Related Parties

###### *Equity Interests in Joint Ventures*

Details of jointly controlled entities are disclosed in note 11 to the financial statements. Details of a loan to a joint venture are disclosed in note 9 to the financial statements.

##### (b) Transactions with Other Related Parties

UnitingCare Queensland is part of the Uniting Church in Australia - Queensland Synod and has a related party relationship with various agencies and departments of the Uniting Church in Australia Property Trust (Q.) including The Department of Finance and Property Services, Uniting Church Investment Services and Uniting Church Insurance.

Related party transactions occur between Uniting Church Investment Services, the Group Office, UnitingCare Health, Blue Care and UnitingCare Community.

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

| 2014   | 2013   |
|--------|--------|
| \$000s | \$000s |

#### 27 Other Related Party Disclosures (continued)

##### (c) Transactions and Balances with Related Parties

The Uniting Church in Australia Property Trust (Q.), (the Property Trust), is the legal entity under which all activities of UnitingCare Queensland are conducted. Certain transactions require the delegated authority of the Property Trust to be completed (that is, land purchase and sales, receipt of bequests, execution of contracts). Neither the Property Trust, the Uniting Church Investment Services, nor the Department of Finance and Property Services impose any material charge for the performance of these transactions. Insurance, investment and financing services are also provided through The Uniting Church in Australia - Queensland Synod.

The Property Trust has entered into various agreements with The Wesley Research Institute Limited and St Andrew's Medical Institute Foundation Limited to supply grant funding, administration services and rent assistance. The Wesley Research Institute Limited has entered into lease agreements for premises and the construction of premises on a commercial basis with the Property Trust.

Consolidated surplus for the year includes the following amounts arising from transactions with key management personnel of the Group or their related parties:

##### Uniting Church in Australia – Queensland Synod

|                                                      |         |         |
|------------------------------------------------------|---------|---------|
| Chaplains Fees Paid to Synod for Chaplaincy Services | (3,114) | (2,879) |
| Mission and Service Fund Contribution                | (818)   | (794)   |
| Insurance Premiums Paid                              | (8,415) | (7,663) |
| Other Expenses                                       | (202)   | (7)     |
| Board Remuneration                                   | (75)    | (72)    |
| Funds Held in Trust                                  | 1370    | 1,347   |
| Net (Payables) Owed                                  | 10      | (21)    |

##### Uniting Church Investment Services

|                                                                                  |           |           |
|----------------------------------------------------------------------------------|-----------|-----------|
| Interest Revenue Received                                                        | 7,491     | 9,797     |
| Borrowing Costs Paid                                                             | (13,633)  | (15,004)  |
| Cash on Deposit at the End of the Annual Reporting Period                        | 311,189   | 305,580   |
| Non-current Interest Bearing Liability at the End of the Annual Reporting Period | (228,780) | (224,329) |

##### UnitingCare Australia

|                   |       |       |
|-------------------|-------|-------|
| Contribution Paid | (435) | (428) |
|-------------------|-------|-------|

# **The Uniting Church in Australia - Queensland Synod UnitingCare Queensland**

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2014**

### **28 Economic Dependency**

Blue Care is dependent on both State and Commonwealth Government subsidies and grants to fund its operations. The continued support and funding of aged care facilities by the Federal Government is subject to regular reviews and accreditation requirements.

UnitingCare Health is dependent on revenue from health insurance funds, primarily Bupa Australia Pty Ltd and Medibank Private Limited.

UnitingCare Community is dependent on both State and Commonwealth Government subsidies and grants to fund its operations. The continued support and funding of community care programs and facilities by the Federal Government is subject to regular reviews and accreditation requirements.

# The United Church in Australia - Queensland Synod UnitingCare Queensland

Notes to the Financial Statements

For the Year Ended 30 June 2014

## 29 Business Streams

|                                                   | Group Office  |               | UnitingCare Health |                | Blue Care      |                | UnitingCare Community |                | Foundations |           | Eliminations    |                 | Consolidated     |                  |
|---------------------------------------------------|---------------|---------------|--------------------|----------------|----------------|----------------|-----------------------|----------------|-------------|-----------|-----------------|-----------------|------------------|------------------|
|                                                   | 2014          | 2013          | 2014               | 2013           | 2014           | 2013           | 2014                  | 2013           | 2014        | 2013      | 2014            | 2013            | 2014             | 2013             |
|                                                   | \$000's       | \$000's       | \$000's            | \$000's        | \$000's        | \$000's        | \$000's               | \$000's        | \$000's     | \$000's   | \$000's         | \$000's         | \$000's          | \$000's          |
| <b>REVENUE</b>                                    |               |               |                    |                |                |                |                       |                |             |           |                 |                 |                  |                  |
| Governments                                       | -             | -             | 19,184             | 42,191         | 459,199        | 419,155        | 113,237               | 119,388        | -           | -         | -               | -               | 591,620          | 580,734          |
| Patients, clients and residents                   | -             | -             | 553,648            | 513,404        | 117,622        | 126,751        | 15,470                | 11,118         | -           | -         | -               | -               | 686,740          | 651,273          |
| Sale of Goods                                     |               |               |                    |                |                |                | 42,862                | 41,514         |             |           |                 |                 | 42,862           | 41,514           |
| Other sources                                     | 37,627        | 30,025        | 55,017             | 30,884         | 27,799         | 26,921         | 2,996                 | 4,226          | 20          | 20        | (38,524)        | (31,202)        | 84,935           | 60,874           |
| Share of surplus from jointly controlled entities | -             | -             | 2,576              | 3,839          | -              | -              | -                     | -              | -           | -         | -               | -               | 2,576            | 3,839            |
| <b>Total Revenue</b>                              | <b>37,627</b> | <b>30,025</b> | <b>630,425</b>     | <b>590,318</b> | <b>604,620</b> | <b>572,827</b> | <b>174,565</b>        | <b>176,246</b> | <b>20</b>   | <b>20</b> | <b>(38,524)</b> | <b>(31,202)</b> | <b>1,408,733</b> | <b>1,338,234</b> |
| <b>Business Results</b>                           |               |               |                    |                |                |                |                       |                |             |           |                 |                 |                  |                  |
|                                                   | <b>1,706</b>  | <b>89</b>     | <b>29,380</b>      | <b>27,787</b>  | <b>5,124</b>   | <b>258</b>     | <b>(353)</b>          | <b>670</b>     | <b>11</b>   | <b>1</b>  | <b>-</b>        | <b>-</b>        | <b>35,868</b>    | <b>28,805</b>    |
| Finance Costs                                     | -             | -             | 13,947             | 15,714         | 731            | 690            | -                     | -              | -           | -         | -               | -               | 14,678           | 16,404           |
| <b>ASSETS</b>                                     |               |               |                    |                |                |                |                       |                |             |           |                 |                 |                  |                  |
| Business assets                                   | 27,556        | 14,687        | 593,048            | 536,860        | 956,210        | 907,559        | 90,077                | 92,111         | 779         | 772       | (22,784)        | (7,308)         | 1,644,885        | 1,544,681        |
| Jointly controlled entities                       | -             | -             | 2,855              | 9,405          | -              | -              | -                     | -              | -           | -         | -               | -               | 2,855            | 9,405            |
| <b>LIABILITIES</b>                                |               |               |                    |                |                |                |                       |                |             |           |                 |                 |                  |                  |
| Business liabilities                              | 24,141        | 12,973        | 339,461            | 312,653        | 394,208        | 350,943        | 33,895                | 35,576         | -           | 3         | (22,791)        | (7,308)         | (768,914)        | 704,840          |

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

#### 29 Business Streams (continued)

##### (a) Accounting Policies

Business revenues and expenses are those directly attributable to the businesses and include any joint revenue and expenses where a reasonable basis of allocation exists. Business assets include all assets used by a business and consist principally of cash, receivables, inventories, intangibles, and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual businesses, the carrying amount of certain assets used jointly by two or more businesses is allocated to the business on a reasonable basis. Business liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings. Business assets and liabilities do not include deferred income taxes.

##### (b) Business and Geographic Information

###### Business Information

The Group has the following five businesses:

1. UnitingCare Queensland – Group Office
2. Foundations
3. UnitingCare Health
4. Blue Care
5. UnitingCare Community

###### Geographic Information

The Group's businesses are located in Queensland and northern New South Wales, Australia.

#### 30 Events After the End of the Reporting Period

On 7 February 2014 a new entity, Australian Regional and Remote Community Services Limited ("ARRCS"), was incorporated by the Uniting Church in Australia Queensland Synod with delegated ownership being assigned to UnitingCare Queensland ("UCQ"). Subsequent to year-end, on 1 July 2014, the aged care services formerly operated by the Uniting Church Assembly trading as Frontier Services has been transferred to ARRCS in respect of the services based in the Northern Territory. This transfer was performed by way on a transfer of an entity under common control. A letter of guarantee between UnitingCare Queensland and ARRCS has been established for the 2015 financial year to support the operations of ARRCS during this period.

Subsequent to year end the commercial building at 59 Capper Street, Gayndah, classified as held for sale at year end (refer note 10), has been sold.

#### 31 Report Basis for Conditional Adjustment Payment

This General Purpose Financial Report is prepared on the basis to comply with requirements of the Department of Social Services financial reporting requirements for Conditional Adjustment Payment. This report is prepared on a service level basis and covers the following RACS ID numbers included under NAPS ID 314.

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Notes to the Financial Statements

For the Year Ended 30 June 2014

### 31 Report Basis for Conditional Adjustment Payment (continued)

| Residential Service                       | RACS ID | Residential Service                 | RACS ID |
|-------------------------------------------|---------|-------------------------------------|---------|
| Alkira Hostel                             | 5150    | Kenmore Aged Care                   | 5893    |
| Amaroo Nursing Home                       | 2791    | Kingscliffe Aged Care               | 2719    |
| Avalon Hostel                             | 5074    | Kirrahaven Hostel                   | 5151    |
| Avalon Nursing Home                       | 5986    | Labrador Gardens Aged Care Facility | 5007    |
| Azure Blue Carina (Salvin Park HC)        | 5845    | Mareeba Garden Settlement Hostel    | 5121    |
| Azure Blue Redcliffe                      | 5750    | Masters Lodge Hostel                | 5244    |
| Bayhaven Nursing Home                     | 5436    | Merriwee Court                      | 5035    |
| Beachwood Hostel                          | 5185    | Millbank Village                    | 5159    |
| Bethania Haven                            | 5182    | Nandeebie Centre of Care            | 5197    |
| Bli Bli Aged Care                         | 5178    | Pilgrim Hostel                      | 5233    |
| Bluehaven Lodge                           | 5176    | Pineshaven Aged Care                | 5198    |
| Brassall Village                          | 5948    | Pinewoods Hostel                    | 5195    |
| Caloundra West Terrace                    | 5908    | Pioneer Gardens Nursing Home        | 5932    |
| Canowindra                                | 5984    | Pioneer Lodge Hostel                | 5158    |
| Capricorn Gardens                         | 5501    | Riverlea                            | 5865    |
| Carramar Complex                          | 5027    | Rothwell Nazarene Aged Care         | 5922    |
| Edenvale Aged Care                        | 5516    | Shalom Elders Village               | 5753    |
| Erowal Residential Aged Care              | 5327    | Star of the Sea Hostel              | 5372    |
| Flinders View Nowlanvil                   | 5456    | Star of the Sea Nursing Home        | 5373    |
| Garden Settlement Pallarenda Hostel       | 5042    | Talleyhaven Aged Care               | 5303    |
| Garden Settlement Pallarenda Nursing Home | 5859    | The Glebe Frail Aged Hostel         | 5032    |
| Glenmead Village                          | 5120    | Toowoomba Garden Settlement         | 5817    |
| Glenwood Hostel                           | 5284    | Winston House Hostel                | 5034    |
| Gracemere Gardens Nursing Home            | 5435    | Wirunya Hostel                      | 5273    |
| Grevillea Gardens Nursing Home            | 5472    | Woodlands Lodge                     | 5226    |
| Hibiscus Gardens Hostel                   | 5148    | Wynnum                              | 5851    |
| Hollingsworth Elders Village              | 5754    | Yarrabee Aged Care                  | 5356    |
| Homefield Aged Persons Home               | 5911    | Yurana Hostel                       | 5041    |
| Homefield Hostel                          | 5122    |                                     |         |

# The Uniting Church in Australia - Queensland Synod

## UnitingCare Queensland

### Declaration by the Board of UnitingCare Queensland

30 June 2014

The Board of UnitingCare Queensland declares that:

- (a) the financial statements and notes set out on pages 1 to 52:
  - i. comply with the *Australian Charities and Not-for-profits Commission Act 2012* including compliance with Australian Accounting Standards and mandatory professional reporting requirements; and
  - ii. give a true and fair view of the financial position of UnitingCare Queensland as at 30 June 2014 and of its performance as represented by the results of its operations and its cash flows, for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that UnitingCare Queensland 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.

Dated this 21st day of October 2014



Craig Barke, Chair  
UnitingCare Queensland Board



Maree Blake, Chair  
UnitingCare Queensland Audit, Risk and Compliance Committee

The Chairman  
UnitingCare Queensland Board  
Level 5, 193 North Quay  
Brisbane  
Qld 4000

21 October 2014

Dear Craig

**The Uniting Church in Australia – Queensland Synod, UnitingCare Queensland**

In accordance with Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the Board of The Uniting Church in Australia – Queensland Synod, UnitingCare Queensland.

As lead audit partner for the audit of the consolidated financial statements of The Uniting Church in Australia – Queensland Synod, UnitingCare Queensland for the financial year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU



R G Saayman  
Partner  
Chartered Accountants

## **Independent Auditor's Report to the Board of UnitingCare Queensland acting through The Uniting Church in Australia – Queensland Synod, UnitingCare Queensland**

We have audited the accompanying financial report of The Uniting Church in Australia – Queensland Synod, UnitingCare Queensland, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in funds for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the declaration by the Board of UnitingCare Queensland (the “Board”) as set out on pages 1 to 53.

### *The Board's Responsibility for the Financial Report*

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Act 2012 (the “ACNC Act”), and for such internal control as the Board determines is necessary to enable the preparation of the financial report that that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 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, as well as evaluating the overall presentation of the financial report.

# Deloitte.

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

## *Opinion*

In our opinion the financial report of The Uniting Church in Australia – Queensland Synod, UnitingCare Queensland has been prepared in accordance with Division 60 the ACNC Act, including:

- (i) giving a true and fair view of The Uniting Church in Australia – Queensland Synod, UnitingCare Queensland's financial position as at 30 June 2014 and of its financial performance and cash flows for the year then ended; and
- (ii) complying with Australian Accounting Standards and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU



R G Saayman  
Partner  
Chartered Accountants  
Brisbane, 21 October 2014