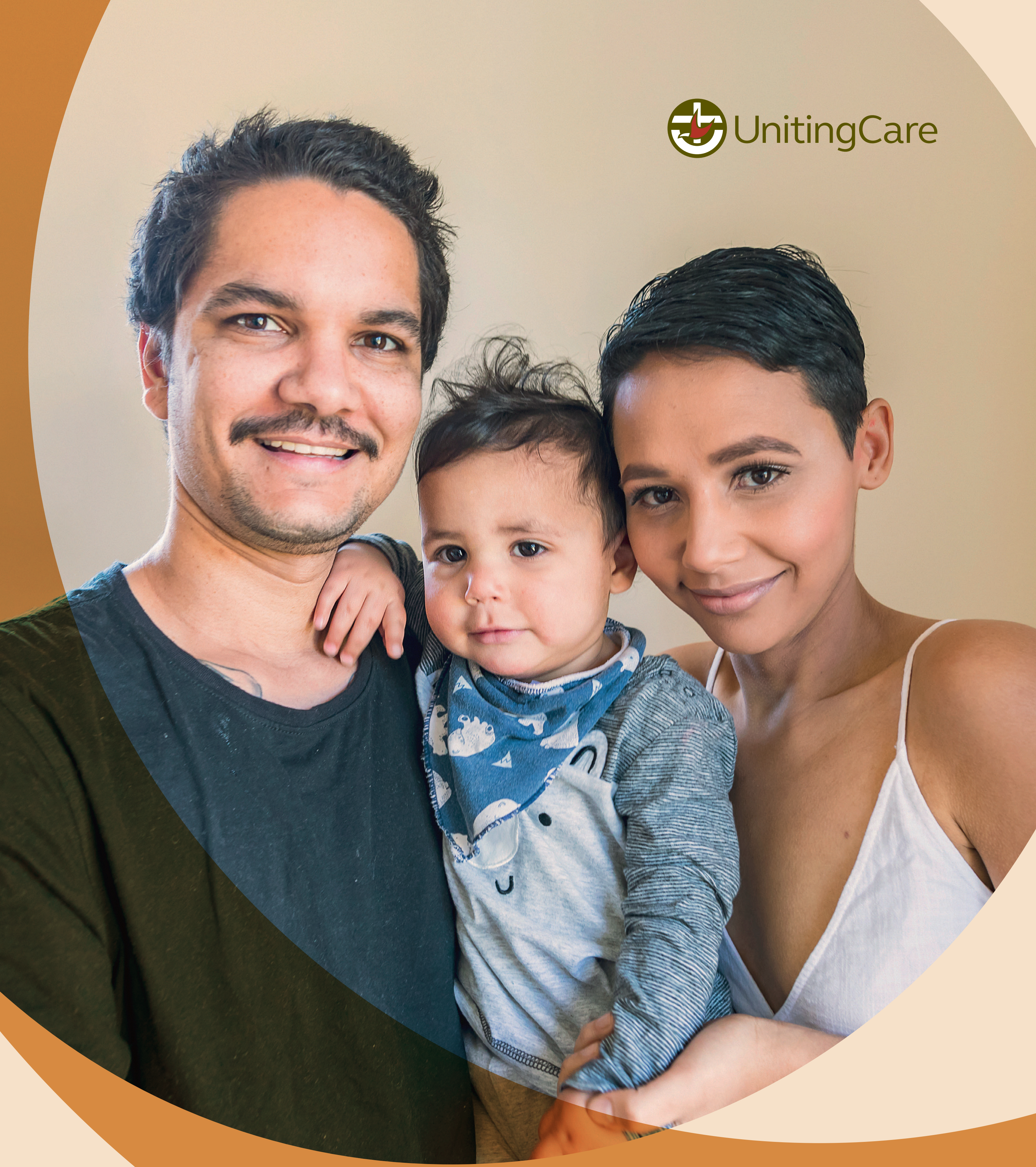

UnitingCare

FINANCIAL STATEMENTS 2019

UnitingCare Queensland

Contents

Registered office

The registered office of UnitingCare Queensland is:
The Uniting Church in Australia - Queensland Synod
60 Bayliss Street
Auchenflower QLD 4066

The principal office of UnitingCare Queensland is level 5, 192 Ann Street, Brisbane, Queensland 4000.

UnitingCare Queensland

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2019

	Note	2019 $'000	2018 $'000
Revenue			
Revenue	B1	1,595,206	1,531,486
Other income	B1	23,896	50,617
Total revenue		**1,619,102**	**1,582,103**
Share of deficit in joint ventures	F2	(69)	(95)
Change in fair value of investment properties	C3	(1,835)	-
Expenses			
Salaries and employee expenses		(1,010,181)	(956,911)
Supplies and services expense		(266,174)	(261,000)
Depreciation and amortisation expense	C2, C4	(94,993)	(107,721)
Property expenses	B2	(126,578)	(127,237)
Other expenses	B2	(156,597)	(128,554)
Finance costs	B2	(2,843)	(2,289)
Total expenses		**(1,657,366)**	**(1,583,712)**
Deficit for the year		**(40,168)**	**(1,704)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Gains on property revaluation	C3	23,689	-
Other comprehensive income for the year		**23,689**	**-**
Total comprehensive loss for the year		**(16,479)**	**(1,704)**

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

UnitingCare Queensland

Consolidated statement of financial position

As at 30 June 2019

ASSETS	Note	2019 $'000	2018 $'000
Current assets			
Cash and cash equivalents	B3.1	345,668	335,376
Trade and other receivables	C1.1	88,791	91,905
Inventories	C1.2	12,880	11,779
Other current assets	C1.3	22,279	24,661
Assets classified as held for sale		499	-
Total current assets		**470,117**	**463,721**
Non-current assets			
Interests in other entities	F2	6,644	7,075
Property, plant and equipment	C2.1	1,032,202	1,575,721
Investment properties	C3	570,899	-
Intangible assets	C4	36,069	33,855
Other non-current assets	C1.3	6,650	5,917
Total non-current assets		**1,652,464**	**1,622,568**
TOTAL ASSETS		**2,122,581**	**2,086,289**
LIABILITIES			
Current liabilities			
Trade and other payables	C1.4	129,905	130,152
Ingoing contributions and accommodation bonds[i]	C1.5	754,685	725,221
Borrowings	D1	1,678	2,030
Employee benefits and other provisions	E1	148,372	138,478
Other current liabilities	C1.6	94,499	76,756
Total current liabilities		**1,129,139**	**1,072,637**
Non-current liabilities			
Trade and other payables	C1.4	4,666	4,316
Borrowings	D1	7,396	9,068
Employee benefits	E1	15,027	16,738
Other non-current liabilities	C1.6	52,261	52,785
Total non-current liabilities		**79,350**	**82,907**
TOTAL LIABILITIES		**1,208,489**	**1,155,544**
NET ASSETS		**914,092**	**930,745**
FUNDS			
Contributed funds		5,234	5,234
Properties revaluation reserve	C3	23,689	-
Accumulated funds		885,169	925,511
TOTAL FUNDS		**914,092**	**930,745**

[i] Australian Accounting Standards require ingoing contributions and accommodation bonds to be presented as current liabilities. The Group estimates that $125,264,000 (2018: $121,175,000) are expected to be settled within 12 months of year end. Further details are included within C1.5.

UnitingCare Queensland

Consolidated statement of changes in funds

For the year ended 30 June 2019

	Note	Contributed funds $'000	Properties Revaluation Reserve $'000	Accumulated funds $'000	Total funds $'000
Balance at 1 July 2017		**5,234**	**-**	**927,215**	**932,449**
Deficit for the year		-	-	(1,704)	**(1,704)**
Balance at 30 June 2018		**5,234**	**-**	**925,511**	**930,745**
Change in accounting policy*	G6.6	-	-	(174)	**(174)**
Adjusted balance at 1 July 2018		**5,234**	-	**925,337**	**930,571**
Deficit for the year		-	-	(40,168)	(40,168)
Other comprehensive income	C3	-	23,689	-	23,689
Balance at 30 June 2019		**5,234**	**23,689**	**885,169**	**914,092**

* See Note G6.6 Changes in accounting policies.

UnitingCare Queensland

Consolidated statement of cash flows

For the year ended 30 June 2019

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
Receipts from clients, funding and others		1,673,638	1,568,633
Payments to suppliers and employees		(1,617,764)	(1,510,743)
Interest received		9,078	7,857
Interest paid		(2,948)	(1,824)
Net cash inflow from operating activities	B3.2	**62,004**	**63,923**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		4,980	6,817
Proceeds from sale of business		-	5,459
Payments for property, plant and equipment		(84,783)	(123,844)
Payments for investment properties		(8,033)	-
Payments for intangible assets		(14,654)	(719)
Proceeds from capital grants		13,498	29,304
Contributions to joint ventures		-	(2,500)
Loans advanced to joint ventures		(2,000)	-
Repayment of loans by joint ventures		785	277
Net cash outflow from investing activities		**(90,207)**	**(85,206)**
Cash flows from financing activities			
Net proceeds from ingoing contributions and accommodation bonds	D1.3	40,519	48,687
Proceeds from borrowings	D1.3	-	6,000
Repayment of finance lease liabilities		(2,024)	(2,863)
Repayment of borrowings	D1.3	-	(200,726)
Net cash inflow/(outflow) from financing activities		**38,495**	**(148,902)**
Net increase / (decrease) in cash and cash equivalents		10,292	(170,185)
Cash and cash equivalents at beginning of year		335,376	505,561
Cash and cash equivalents at end of year	B3.1	**345,668**	**335,376**

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

UnitingCare Queensland

Notes to the financial statements

For the year ended 30 June 2019

A About us

A1 Our organisation

UnitingCare Queensland's principal continuing activities are delivering quality health, aged care, disability and community services across Queensland and the Northern Territory. UnitingCare Queensland ('the Group') provides person-centred care and support services to thousands of people every day of the year, enabling clients to live their best possible lives whatever their circumstances.

The Group 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 activities. Legal title to all property beneficially utilised in the services provided by the Group is held in trust by the Uniting Church in Australia Property Trust (Q.), (the Property Trust), a body incorporated by statute and domiciled in Australia, or Australian Regional and Remote Community Services Limited (ARRCS).

A2 Our Financial Statements

A2.1 Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for investment properties that are measured at fair value, 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.

A2.2 Statement of compliance

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations (AASBs) issued by the Australian Accounting Standards Board. In some circumstances, where permitted under the AASBs, the Group has elected to apply certain exemptions available to not-for-profit entities.

The financial statements of the Group for the year ended 30 June 2019 were approved by the Board of UnitingCare Queensland on 1 October 2019.

A2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the entities controlled by the Group. Control is achieved when the Group:

- has power over the entity;
- is exposed, or has rights, to variable returns from its involvement with the entity; and
- has the ability to use its power to affect its returns.

The Group controls the following not for profit entities:

- UnitingCare Queensland*;
- UnitingCare Community*;
- Blue Care* (NAPS ID 314);
- UnitingCare Health*; and
- ARRCS (NAPS ID 6871).

by virtue of its governance oversight vested in the Board by the Uniting Church in Australia Queensland Synod By-laws (section 3.1.1.1).

* These organisations report to the Australian Charities and Not-for-profits Commission (ACNC) on a group reporting basis, known as the UnitingCare QLD_ACNC Group, refer G6.7.

Consolidation of an entity begins when the Group obtains control over the entity and ceases when the Group loses control of the entity. All intragroup balances and transactions are eliminated on consolidation and accounting policies are consistent.

A2.4 Judgements, estimates and assumptions

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 underlying assumptions are reviewed on an ongoing basis.

Key judgements, estimates and assumptions made by the Group that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are highlighted in the related note. Any revisions to accounting estimates are adjusted prospectively. Key judgements and estimates which are material to the financial report are found in the following notes:

Key judgements and estimates	*Note*
Determining reciprocal and non-reciprocal grant revenue	B1
Deferred management fees	B1
Impairment of trade receivables	C1.1
Estimated useful lives of property, plant and equipment	C2.1
Estimated fair value of investment properties	C3
Estimated useful lives of intangibles	C4
Annual and long service leave assumptions	E1

A3 Notes to the financial statements

Information is only included in the notes to the financial statements to the extent it has been considered material and relevant to the understanding of the financial statements. A disclosure is considered material and relevant if, for example:

- The amount is significant in size (quantitative factor) or nature (qualitative factor);
- The Group's results cannot be understood without the specific disclosure (qualitative factor);
- It helps to explain to a user the impact of significant changes in the Group's operations during the period (qualitative factor); or
- It relates to an aspect of the Group's operations that is important to its future.

Accounting policies are included within the relevant notes.

B Our performance

This section highlights the key drivers of the Group's operations, including revenue, expenses and operating cash inflows.

B1 Revenue

	2019 $'000	2018 $'000
Grants and subsidies	650,827	635,840
Patient and client revenue	514,739	501,264
Recoverable revenue	116,647	123,982
Non-patient revenue	17,108	18,670
Services and fees	212,572	173,856
Deferred management fees	12,903	11,135
Lifeline sales	47,225	47,448
Fundraising and donations	4,608	3,553
Other revenue	9,471	7,857
Interest		
Uniting Church Investment Services	7,155	5,822
Other interest	1,951	2,059
Total revenue	**1,595,206**	**1,531,486**
Other income		
Capital grants from governments [i,ii]	13,498	29,304
Fundraising and donations income – bequests [ii]	5,889	7,442
Gain on sale of property, plant and equipment	742	2,188
Gain on sale of business	-	1,872
Fair value gain on resident loans	-	6,837
Other income	3,767	2,974
Total other income	**23,896**	**50,617**

[i] The primary condition of these grants is to purchase or construct assets.
[ii] The Group recognises the funds when they are controlled and can be reliably measured, these are non-reciprocal transfers.

Key judgements and estimates

Determining reciprocal and non-reciprocal grant revenue
The Group reviews the terms and conditions of each grant to determine whether the funds relate to a reciprocal grant (i.e. payment for services) in which case it is accounted for as revenue; or a non-reciprocal grant in which case it is accounted for as a contribution (income). 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.

Deferred management fees
A key source of estimation is the calculation of the period of expected resident occupancy. This is calculated with reference to the Australian Bureau of Statistics life tables and historical resident occupancy trends.

Fair value gain on resident loans
Additionally, a portion of the Group's resident contracts include conditions allowing the resident to participate in capital gain or loss sharing at the end of their occupancy. The capital gain or loss sharing portion of the contract is estimated annually and is based on market values for retirement village units.

B1 Revenue (continued)

Accounting policies
Revenue and income are measured at the fair value of the consideration or contribution received or receivable. Revenue is recognised to the extent that it is probable economic benefits will flow to the Group and they can be reliably measured.

Government grants
Revenue from government grants is not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants that are reciprocal in nature are recognised in the consolidated statement of profit or loss and other comprehensive income on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. A reciprocal transfer generally occurs when a return obligation exists to the funding provider. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in the consolidated statement of profit or loss and other comprehensive income in the period in which they become receivable. Non-reciprocal government grants whose primary condition is that the Group should purchase, construct or otherwise acquire assets are recognised in the consolidated statement of profit or loss and other comprehensive income immediately when control is obtained and can be measured reliably.

Services
The Group provides services to patients, clients and residents through its hospitals, community and residential facilities. Revenue is generally in the form of fees charged and is recognised when the service is provided.

Deferred management fees (DMF)
Amounts retained as income from ingoing contributions are recognised over the expected period of resident occupancy.

Goods (includes Lifeline sales)
Revenue is recognised when the goods are delivered and title has passed.

Fundraising and donations
Funds raised, donations and bequests are recognised as revenue when the Group gains control, economic benefits are probable and the amount can be reliably measured. Recognition of revenue relating to funds with a purpose specified in sufficient detail by the donor to create a performance obligation are deferred until such time that performance obligations related to the funds, donation or bequest have been satisfied.

Rental revenue
Rental revenue is recognised on a straight-line basis over the lease term.

Interest income
Interest income is recognised using the effective interest method. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

B2 Expenses

The Group's major categories of expenses are shown in the consolidated statement of profit or loss and other comprehensive income. In addition to this we note:

a) Supplies and services expense includes the cost of goods sold and costs incurred in delivering services to patients, such as hospitality services and housekeeping.
b) Property expenses – this category comprises all costs associated with the ownership and maintenance of the Group's property, plant and equipment and intangible assets including the below expenses:

Property expenses	2019 $'000	2018 $'000
Repairs and maintenance expense	43,160	47,653
Rental expense	19,186	20,724
Communications and utilities expense	30,669	30,069
Rates and taxes	9,925	9,927
Property insurance	4,222	4,127
Motor vehicle expense	15,888	12,286
Other property expense	3,528	1,393
Impairment expense	-	1,058
Total property expenses	**126,578**	**127,237**

c) Other expenses includes external contractors, consulting and professional fees of $100,848,000 (2018: $85,067,000) incurred in the delivery of core services such as medical consultants, and to meet statutory requirements such as external audits.
d) Finance costs comprise interest expense on finance leases recognised using the effective interest method and bank fees.

Accounting policies
Repairs and maintenance costs 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 C2.1.

B3 Cash and cash equivalents

B3.1 Cash and cash equivalents	2019 $'000	2018 $'000
Cash on hand	245	257
Cash at bank	90,956	80,335
Deposits – Uniting Church Investment Services	254,467	254,784
Total cash and cash equivalents	**345,668**	**335,376**
Restricted balances included within cash and cash equivalents		
Grant agreements or donations	7,512	6,949
Funds held in Trust under *Retirement Villages Act 1999*:		
Capital Replacement Funds	4,486	3,865
Maintenance Reserve Funds	4,966	4,605
General Services Funds	1,918	1,125
Total restricted balances	**18,882**	**16,544**

Certain balances are restricted in use for certain purposes defined in either a grant agreement, trust agreement or other externally imposed requirements. In addition, all residential aged care bond deposits received since 1 October 2011 that have been expended on projects meet the *Aged Care Act 1997* "permitted purposes".

B3.1 Cash and cash equivalents (continued)

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

B3.2 Cash flow information

Reconciliation of deficit to net cash inflow from operating activities	2019 $'000	2018 $'000
Deficit for the year	(40,168)	(1,704)
Depreciation and amortisation expense	94,993	107,721
Capital grants from government	(13,498)	(29,304)
Write-offs and impairment expense	-	1,058
Gain on sale of business and property, plant and equipment	(742)	(4,060)
Change in fair value of resident loans	2,994	(6,837)
Deferred management fee revenue and retentions	(12,974)	(11,456)
Share of profit in joint ventures	69	95
Change in fair value of investment properties	1,835	-
Accrued interest	-	102
Finance lease interest	-	362
Non cash transactions included in the deficit for the year	434	(582)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	3,114	(22,466)
Decrease/(increase) in prepayments	6,263	(1,603)
(Increase)/decrease/ in inventories	(1,101)	138
Increase in other assets	(3,849)	(83)
Decrease in trade and other payables	103	32,292
Increase/(decrease) in other liabilities	16,348	(1,585)
Increase in employee benefits and other provisions	8,183	1,835
Net cash inflow from operating activities	**62,004**	**63,923**

C Our operating asset base

This section provides further insight into the Group's operating asset base used to support the provision of health and community services. This section includes working capital, property, plant and equipment and intangible assets. Working capital includes trade and other receivables, inventories, other assets, trade and other payables, ingoing contributions and accommodation bonds and other liabilities.

C1 Working capital

C1.1 Trade and other receivables	2019 $'000	2018 $'000
Trade receivables[i]	73,493	84,138
Loss allowance	(5,392)	(4,617)
	68,101	79,521
Other receivables[i]	16,615	6,876
GST recoverable	4,075	5,508
Total trade and other receivables	**88,791**	**91,905**

[i] Refer to section G5 for details on amendments to comparatives.

C1.1 Trade and other receivables (continued)

Key judgements and estimates

Impairment of trade receivables

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. As AASB 15 has not yet been adopted, contract assets have not been assessed for impairment.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the ageing profile. The expected loss rates are based on the payment profiles of debtors over a period of two to five years before 1 July 2018 and 30 June 2019 respectively and the corresponding historical credit losses experienced within these periods. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified general economic factors of the countries in which it sells its goods and services to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 1 July 2018 and 30 June 2019 (on adoption of AASB 9) was determined as follows for trade receivables:

	Current - 90 days past due $'000	90+ days past due $'000
1 July 2018		
Gross carrying amount - trade receivables	77,513	6,625
Loss allowance	(1,558)	(3,233)
30 June 2019		
Gross carrying amount - trade receivables	63,465	10,028
Loss allowance	(1,411)	(3,981)

The closing loss allowances for trade receivables as at 30 June 2019 reconciles to the opening loss allowances as follows:

	Loss allowance	
	2019 $'000	**2018 $'000**
30 June – calculated under AASB 139	**4,617**	**3,301**
Amounts adjusted through opening accumulated funds	174	-
Opening loss allowance as at 1 July – calculated under AASB 9	**4,791**	**3,301**
Increase in loss allowance recognised in profit or loss during the year	1,493	2,005
Receivables written off during the year as uncollectible	(892)	(689)
At 30 June	**5,392**	**4,617**

C1.1 Trade and other receivables (continued)

Accounting policies
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Credit Risk
Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 90 days past due. Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating surplus/deficit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Previous accounting policy for impairment of trade receivables
In the prior year, trade and other receivables were assessed for indicators of impairment at the end of each annual reporting period based on an incurred loss model. They were impaired when there was objective evidence that as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investment have been affected. Those trade and other receivables that were assessed not to be impaired individually, were in addition assessed for impairment on a collective basis.

Other receivables
Other receivables include accrued hospital income for patients not yet discharged.

C1.2 Inventories

	2019 $'000	2018 $'000
Current		
Medical supplies	11,850	10,838
Other	1,030	941
Total current inventories	**12,880**	**11,779**

The cost of inventories recognised as an expense during the year was $203,500,000 (2018: $210,607,000). This predominantly relates to medical items and prosthetics.

Accounting policies
Purchased inventories are valued at the lower of weighted average cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale. Second hand inventory donations are not valued.

C1.3 Other assets

	2019 $'000	2018 $'000
Current		
Prepayments	9,001	15,264
Accrued income	12,383	8,562
Loans to other entities [i]	859	799
Other current assets	36	36
Total other current assets	**22,279**	**24,661**
Non-current		
Loans to other entities	1,188	845
Imputation tax receivable [ii]	2,966	2,604
Funds held in trust [iii]	2,496	2,468
Total other non-current assets	**6,650**	**5,917**

i. Loans to other entities consist of an unsecured loan to UnitingCare Medical Imaging Pty Ltd (UCMI) which is a 50% joint venture with UnitingCare Health. The UCMI loan is for a ten year period and was provided to assist with working capital and capital development requirements. The directors of UCMI exercised an option available in the first year of the loan to capitalise interest on the outstanding balance. The interest is charged quarterly at the bank bill swap rate (BBSW) plus 4% and has been capitalised to the loan.

ii. The Group has a 50% ownership in UCMI, a joint venture which is subject to income tax. An income tax benefit is recognised as a receivable by the Group for its share of the income tax paid by UCMI which will be recouped by the Group from the Australian Taxation Office (ATO) on payments of dividends by UCMI.

iii. Funds are restricted in use to the purposes intended under these trust agreements. Only interest income earned from investment of the principal amounts is permitted to be used. Permitted uses include the promotion of staff development and training and the support of community care services.

C1.4 Trade and other payables

	2019 $'000	2018 $'000
Current		
Trade payables	44,086	45,400
Accrued expenses	84,448	83,304
Other payables	1,371	1,448
Total current trade and other payables	**129,905**	**130,152**
Non-current		
Maintenance reserve funds	4,666	4,316
Total non-current trade and other payables	**4,666**	**4,316**

The Group has 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 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.

C1.5 Ingoing contributions and accommodation bonds

	2019 $'000	2018 $'000
Current		
Expected to be paid within 12 months		
Ingoing contributions	35,194	43,242
Accommodation bonds	90,070	77,933
	125,264	121,175
Not expected to be paid within 12 months		
Ingoing contributions	446,103	435,269
Accommodation bonds	183,318	168,777
	629,421	604,046
Total ingoing contributions and accommodation bonds	**754,685**	**725,221**

Accommodation bonds (including Refundable Accommodation Deposits or 'RADs') are held in respect of clients in residential aged care facilities. Ingoing contributions are held for clients of retirement living units covered under the *Retirement Villages Act 1999*. By their nature, these amounts are considered to be repayable on demand and are therefore classified as current liabilities. They are recorded at the amount initially received less any retention the Group is allowed to deduct in accordance with the relevant legislation and resident agreement and are not discounted. The cash required to cover the refund of accommodation bonds is subject to a documented liquidity management strategy.

Accounting policies
Ingoing contributions received from residents represent non-interest bearing deposits that are refundable in accordance with the relevant legislation and the individual resident agreements in the event the resident leaves a Group facility. As they are considered to be repayable on demand, they are recorded at the amount initially received, less any contractually accrued deferred management fee ('DMF') the Group is allowed to deduct, and are not discounted.

C1.6 Other liabilities

	2019 $'000	2018 $'000
Current		
Grant funding liabilities	84,998	66,790
Deferred revenue	4,184	2,939
Unearned income [i]	3,102	4,854
Income received in advance	596	563
Lease incentives	1,228	1,228
Other current liabilities	391	382
Total other current liabilities	**94,499**	**76,756**
Non-current		
Deferred revenue	34,481	34,652
Fundraising monies held in trust	367	352
Unearned income [i]	8,478	8,640
Lease incentives and straight-line lease liabilities	8,935	9,141
Total other non-current liabilities	**52,261**	**52,785**

i. Unearned income includes a lease to Wesley Medical Research for a 99 year period that has been prepaid. This lease does not have an option to renew or purchase the leased asset at the expiry of the lease period. Unearned income also includes prepaid lease consideration arising from an 18 year lease with UCMI. The construction of the external walls, roof and floors of the leased space was funded by UCMI and forms a part of the prepaid lease consideration. The asset is recognised as an asset of the Group and the prepaid rental amortised over the term of the lease.

C1.6 Other liabilities (continued)

Accounting policies

Grant funding liabilities
Grant funding liabilities relate to deferred grant revenue for government grants containing a return obligation. This liability is released to the statement of profit or loss and other comprehensive income as the obligations are satisfied (refer B1).

Deferred revenue
Deferred revenue relates to the difference between contractually accrued ingoing contributions and DMF revenue recognised based on expected resident occupancy.

Lease incentives and straight-line lease liabilities
Rental expenses on operating leases are recognised over the life of the lease (referred to as straight-lining). When a lease incentive is granted a liability is recognised and amortised over the life of the lease.

C2 Property, plant and equipment (PPE)

C2.1 PPE

	CWIP^	Land	B&I^	P&E^ [i]	Motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000
2019						
Cost	55,524	157,234	1,104,180	495,130	48,524	1,860,592
Accumulated depreciation	-	-	(486,274)	(320,570)	(21,546)	(828,390)
Carrying amount at the end of the year	**55,524**	**157,234**	**617,906**	**174,560**	**26,978**	**1,032,202**
1 July 18 carrying amount	88,845	177,972	1,113,568	167,187	28,149	1,575,721
Additions	65,146	36	4,182	21,918	6,876	98,158
Disposals and derecognitions	(788)	-	(188)	(603)	(2,617)	(4,196)
Transfers:						
*From CWIP^* [ii]	(97,654)	2,838	56,483	24,715	341	(13,375)
To investment properties [ii]	(25)	(23,324)	(512,959)	(4,658)	(46)	(541,012)
*To HFS^*	-	(288)	(211)	-	-	(499)
Depreciation	-	-	(42,870)	(33,999)	(5,725)	(82,594)
30 June 2019 carrying amount	**55,524**	**157,234**	**617,906**	**174,560**	**26,978**	**1,032,202**
2018						
Cost	88,845	177,972	1,594,583	459,705	49,245	**2,370,350**
Accumulated depreciation	-	-	(481,015)	(292,518)	(21,096)	**(794,629)**
Carrying amount at the end of the year	**88,845**	**177,972**	**1,113,568**	**167,187**	**28,149**	**1,575,721**
1 July 17 carrying amount	32,575	176,579	1,141,643	174,339	28,424	**1,553,560**
Additions	74,697	534	17,692	23,799	8,326	**125,048**
Disposals and derecognitions	(997)	(18)	(703)	(1,412)	(2,843)	**(5,973)**
Impairment	-	-	(919)	(139)	-	**(1,058)**
Transfers:						
From CWIP ^	(17,430)	-	12,781	4,035	-	**(614)**
*From HFS^*	-	913	-	-	-	**913**
Depreciation	-	(36)	(56,926)	(33,435)	(5,758)	**(96,155)**
30 June 2018 carrying amount	**88,845**	**177,972**	**1,113,568**	**167,187**	**28,149**	**1,575,721**

^ Abbreviations used are Capital work in progress (CWIP), Buildings and improvements (B&I), Plant and equipment (P&E) and Held for sale (HFS).

C2.1 PPE (continued)

i. Plant and equipment includes an amount of $7,954,000 (2018: $10,686,000) of leased equipment at cost and $3,991,000 (2018: $4,205,000) of accumulated depreciation where the Group is a lessee under a finance lease. These assets comprise medical equipment and print infrastructure assets for which the lease liabilities are disclosed in D1.2.

ii. Certain transfers out of capital work in progress have been processed through asset class additions and transfers to intangible assets and investment properties have been recognised as additions in C3 and C4.

Assets pledged as security

Freehold land and buildings with a carrying amount of $67,434,000 (2018: $69,579,000) 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.

As at 30 June 2019, freehold land and buildings with a carrying amount of $4,477,000 (2018: $4,638,000) have been pledged to the Queensland Government to secure grant funding 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 addition, hospital assets with a carrying value of $37,909,000 (2018: $38,309,000) are pledged as security in accordance with a grant contract from the Commonwealth of Australia. Leased assets with a carrying value of $2,869,000 are pledged as security under the terms of the finance lease.

In total, assets of $45,255,000 (2018: $42,946,000) which is 4.4% (2018: 2.8%) of total PPE, have been or will be pledged to secure government grants.

Key judgements and estimates

Estimated useful lives of property, plant and equipment

The estimated useful lives of PPE are reviewed annually. This assessment takes into consideration legislative and safety requirements and plans to ensure continued compliance therewith. The estimated useful lives reflect existing and future redevelopment plans which are also subject to review based on requirements and cost. Any changes are accounted for prospectively.

Accounting policies

Freehold land is held at cost less any impairment losses and is not depreciated. Buildings are carried at cost less accumulated depreciation and any impairment losses. Items of PPE are stated at cost (or at fair value where gifted to the Property Trust) less accumulated depreciation and impairment losses. Subsequent to initial recognition, fair value is deemed cost.

The cost of capital works in progress 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, an appropriate proportion of production overheads and directly attributable borrowing costs (net of investment income on specific borrowings).

Depreciation is charged on a straight-line basis over the item of PPE's estimated useful life as follows:

- Buildings and improvements — Up to 40 years
- Plant and equipment — 3 to 30 years
- Motor vehicles — 3 to 15 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.

Subsequent costs

Costs incurred on PPE subsequent to acquisition are capitalised if the Group will derive a future benefit from them, or expensed if they are in the nature of maintaining the existing asset and no additional benefit will be derived.

C2.1 PPE (continued)

Accounting policies

Impairment of assets

The carrying amounts of assets are reviewed annually to determine whether there is any indication of impairment. If any indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Where the future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Group would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the current replacement cost of the asset. Impairment losses are recognised in the consolidated statement of profit or loss and other comprehensive income. 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.

C2.2 Leasing

Operating lease arrangements

(a) Leasing arrangements

Operating leases relate to leases of plant and equipment, motor vehicles, land and buildings with lease terms up to ten years.

(b) Payments recognised as an expense	**2019 $'000**	**2018 $'000**
Minimum lease payments	21,683	23,009

(c) Non-cancellable operating lease commitments

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

	2019 $'000	**2018 $'000**
Not later than 1 year	18,047	18,023
Later than 1 year and not later than 5 years	40,552	42,458
Later than 5 years	11,692	9,110
Total non-cancellable operating lease commitments	**70,291**	**69,591**

Liabilities recognised in respect of non-cancellable operating leases are disclosed in other liabilities (refer C1.6)

Accounting policies

A lease is classified at inception as a finance lease or operating lease. A lease that transfers substantially all the risks and benefits incidental to ownership to the Group is classified as a finance lease. The PPE under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense on a straight-line basis over the lease term.

C2.3 Commitments and expenditure

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities are as follows:

	2019 $'000	2018 $'000
Not later than 1 year		
Buildings	892	7,234
Plant and equipment	2,674	2,749
Intangibles	529	204
Other commitments	1,812	-
Total commitments and expenditure	**5,907**	**10,187**

C3 Investment properties

At fair value	**2019 $'000**
Carrying amount at the beginning of the year	-
Transfers from property plant and equipment*	541,012
Gains on property revaluations (difference between carrying value and fair value on 1 July 2018)	23,689
Fair value on 1 July 2018	564,701
Additions	8,033
Change in fair value of investment properties	(1,835)
Carrying amount at the end of the year	**570,899**
Amounts recognised in consolidated statement of profit or loss and other comprehensive income	
Deferred management fees	12,903
Change in fair value of investment properties	(1,835)

*At 1 July 2018 there was a change in use leading to a transfer between property, plant and equipment and investment properties. The difference at the date of change between carrying value and fair value has been recognised in other comprehensive income and created the properties revaluation reserve. On subsequent disposal of investment properties, the properties revaluation reserve may be transferred to accumulated funds.

In determining market values, the Group obtains independent external valuations for its investment properties on a rolling basis at least every three years. All investment properties have been independently valued as at 30 June 2019. Investment properties are classified as level 3 in the fair value hierarchy as key assumptions used in their valuation are not observable.

Some major assumptions utilised in the valuation process include the discount rate, average subsequent tenure periods, property price growth rates and the market value of operator-owned units.

Increasing the discount rate and average subsequent tenure periods would reduce the fair value of the investment properties and vice-versa. Increasing the assumptions made about the market value of owned ILUs and property price growth rates would increase the fair value of investment properties and vice versa.

Valuation reconciliation:	**2019 $'000**
Carrying amount of investment properties	570,899
Less:	
Ingoing contributions	(389,469)
Deferred revenue	(32,929)
Valuation	**148,501**

C3 Investment properties (continued)

Key judgements and estimates

Estimated fair value of investment properties

A critical accounting judgement affecting retirement investment properties is whether the significant risks and rewards of ownership of the underlying retirement unit have been transferred to the occupier. If so, then a sale is recognised on the initial occupation of a retirement unit and a resident loan is not recognised. The Group believes that those risks and rewards have not been transferred in respect of any of its retirement units. Consequently, the Group recognises resident loans in respect of those of its retirement units that are occupied by residents. This affects the carrying amount of retirement properties because, although the underlying valuation of the properties is not affected by this accounting judgement, the carrying amount of the properties is grossed up by the recognised resident loans.

Accounting policies

Investment properties comprise the resort style retirement villages of the Group. This includes Independent Living Units (ILUs), Serviced Apartments (SAs), common facilities and integral plant and equipment.

Investment properties are initially recognised at cost including any acquisition costs, and are held to generate income from deferred management fees and the Group's share of the change in the market value of the investment. Subsequent to initial recognition, investment properties are stated at fair value at each balance date. Changes in fair value are presented in the consolidated statement of profit or loss and other comprehensive income as a part of change in fair value of investment properties.

If any investment property is disposed, the gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of the disposal and the net proceeds on disposal and is recognised in the consolidated statement of profit or loss and other comprehensive income in the year of disposal.

C4 Intangible Assets

	2019 $'000	2018 $'000
Computer software		
Cost	132,191	117,648
Accumulated amortisation	(96,122)	(83,793)
Carrying amount at the end of the year	36,069	33,855

	2019 $'000	2018 $'000
Computer software		
Opening Balance	33,855	44,719
Additions	1,279	105
Disposals	(41)	(17)
Transfers from CWIP	13,375	614
Amortisation	(12,399)	(11,566)
Carrying amount at the end of the year	**36,069**	**33,855**

During the year ended 30 June 2019, the Group carried the following significant intangible assets: clinical information system, eHealth application and a data convergence centre. The carrying value related to these intangible assets at year end was $10,558,000 (2018: $15,158,000) and is expected to be fully amortised in two to six years.

C4 Intangible Assets (continued)

Key judgements and estimates

Estimated useful lives of intangibles
The estimated useful lives of intangible assets are reviewed annually. The estimated useful lives reflect existing and future redevelopment plans which are also subject to review based on requirements and cost. Any changes are accounted for prospectively.

Accounting policies
The Group also has intangible assets in the form of residential aged care places which are a right to operate a bed. They are issued by the Federal Government free of charge and have no fixed period once operational. The Group does not assign a value to bed assets due to the lack of a clear market that buys and sells these assets.

Intangible assets are tested for impairment when an indicator of impairment exists. If the recoverable amount is less than its carrying amount, an impairment loss is recorded to adjust the carrying amount. The Group does not have intangibles with indefinite useful lives.

The Group recognises an intangible asset on development activities if the project is technically feasible, and the Group can demonstrate:
- the intention to complete the intangible asset;
- how the intangible assets use will generate probable future economic benefits; and
- the ability to reliably measure the expenditure during the intangible assets development. Expenditure includes the cost of materials, direct labour and an appropriate proportion of overheads.

In the current and prior periods, all expenditure is occurring in the development phase and as such no research expenditure has been incurred. Costs associated with maintaining computer software and licencing costs are expense as incurred.

D Financial instruments

This section provides information on Group objectives when managing capital. The Group's objectives are to safeguard the Group's ability to continue as a going concern, and to ensure the funding structure enhances, protects and balances financial flexibility against minimising the cost of capital. Given the nature of Group operations, it is also exposed to a number of market risks; this section outlines how these key risks are managed.

D1 Borrowings	**2019 $'000**	**2018 $'000**
Current		
Finance lease liabilities	1,678	2,030
Total current borrowings	**1,678**	**2,030**
Non-current		
Finance lease liabilities	1,396	3,068
Newpin Social Benefit Bond	6,000	6,000
Total non-current borrowings	**7,396**	**9,068**

D1.1 Loans

The Newpin Social Benefit Bond borrowing relates to a $6,000,000 loan received from the Newpin Queensland Social Benefit Bond Trust. The loan has a 7.25 year term, with 2% per annum fixed interest payments over six years and a performance interest payment in year seven, based on the outcomes of the Newpin program.

D1 Borrowings (continued)

Additionally, at the end of the reporting period the Group had access to the following facilities:

i. Australia and New Zealand Banking Group Limited ('ANZ') revolving cash advance facility of $5,000,000;
ii. ANZ bank guarantees facility of $5,000,000;
iii. ANZ asset finance facility of $8,900,000; and
iv. UCIS line of credit facility of $20,000,000.

With the exception of $62,000 (2018: $62,000) being utilised of the ANZ bank guarantee facility and $340,000 (2018: $1,125,000) of the ANZ asset finance facility, no other amounts had been used from the above facilities.

Accounting policies
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.

D1.2 Finance lease liabilities

	2019 $'000	2018 $'000
Minimum lease payments		
Not later than 1 year	1,805	2,278
Later than 1 year and not later than 5 years	1,458	3,248
Minimum lease payments	3,263	5,526
Less: future finance charges	(189)	(428)
Present value of minimum lease payments	**3,074**	**5,098**
Finance lease liabilities		
Not later than 1 year	1,678	2,030
Later than 1 year and not later than 5 years	1,396	3,068
Present value of minimum lease payments	**3,074**	**5,098**

Finance lease obligations are secured by the lessor's title to the leased assets. The borrowings are a mix of variable and fixed interest rate debt with repayment periods up to five years. The current weighted average effective interest rate on those finance lease liabilities is 5.86% per annum (2018: 5.81% per annum).

Finance leases, with the exception of those in respect of print equipment, 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. Finance leases in respect of print equipment are for a lease term of five years. Whilst there is no stated option to purchase the equipment, there is a specified minimum committed purchase amount that has been reflected in the stated carrying values

Accounting policies
Finance leases are capitalised at the commencement of the lease at the lower of fair value of the leased property and the present value of the minimum lease payments. 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 term so as to produce a constant rate of interest on the remaining balance of the liability.

D1.3 Movement in liabilities from financing activities

The table below details changes in the Group's liabilities arising from financing activities including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes		
	1 July 2018 $'000	Cash flows $'000	New leases $'000	Other [i] $'000	30 June 2019 $'000
Lease liabilities	5,098	(2,024)	-	-	3,074
Newpin Social Benefit Bond	6,000	-	-	-	6,000
Ingoing contributions and accommodation bonds	725,221	40,519	-	(11,055)	754,685
Total liabilities from financing activities	**736,319**	**38,495**	**-**	**(11,055)**	**763,759**

	1 July 2017 $'000	Cash flows $'000	New leases $'000	Other [i] $'000	30 June 2018 $'000
Lease liabilities	7,008	(2,863)	591	362	5,098
Loans – Uniting Church Investment Services	200,726	(200,726)	-	-	-
Newpin Social Benefit Bond	-	6,000	-	-	6,000
Ingoing contributions and accommodation bonds	698,118	48,687	-	(21,584)	725,221
Total liabilities from financing activities	**905,852**	**(148,902)**	**591**	**(21,222)**	**736,319**

[i] Other changes for ingoing contributions and accommodation bonds include deferred management fees, movement in deferred revenue liabilities and retention revenue.

D2.2 Financial risk management objectives

The Group's financial assets (trade receivables and loans to other entities) are all classified at amortised cost. The classification of financial assets under AASB 9 is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. AASB 9 eliminates the previous AASB 139 category loans and receivables where these financial assets were classified. The fair values of financial assets and financial liabilities approximate carrying amounts as the assets and liabilities are either short-term; the impact of discounting is not significant; or any borrowings incur interest at variable rates.

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 capital risk. The overall risk management program of the Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance. The Group's current strategy to meet minimum liquidity requirements is to constantly monitor cash flow through the preparation of monthly cash flow statements and cash flow reconciliations and forecasts.

The Group and its Service Groups deposit funds with, and borrow funds from, UCIS, the Treasury arm of the Property Trust and ANZ. Risk management is carried out under policies approved by the Queensland Synod Finance, Investment and Property Board and the Board of the Group.

D2.2 Capital risk management

The capital structure consists of debt borrowings (refer D1) and cash and cash equivalents (refer B3). Operating cash flows are used to maintain and expand the services assets, as well as to make the routine outflows including repayment of debt. The policy is to borrow centrally, using a variety of borrowing facilities to meet anticipated funding requirements.

(a) 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.

(b) Market risk

The Group has significant interest-bearing assets and therefore, the income and operating cash flows are materially exposed to changes in market interest rates. There has been no change to the nature of these risks or the manner in which these risks are managed and measured.

(c) Liquidity risk management

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. UCIS maintains flexibility in funding by keeping external credit lines available.

D2.3 Interest rate risk management

Interest rate risks on borrowings are managed with the aim of reducing the impact of short term fluctuations in earnings. However, over the longer term, permanent changes in interest rates would have an impact on earnings. At 30 June 2019, it is estimated that a general increase of one percentage point in interest rates on borrowings would not have a material impact on the Group. The undiscounted contractual maturities include interest that will be earned. This information is included as the liquidity is managed on a net asset basis.

UnitingCare Queensland

Notes to the financial statements

For the year ended 30 June 2019

D2.4 Financial assets and liabilities

30 June 2019 **ASSETS**	**Effective interest rate (%)**	**MATURING (Years)** **< 1** **$'000**	 **1 to 2** **$'000**	 **> 2** **$'000**	**Total** **$'000**
Non-interest bearing:					
Cash and cash equivalents	-	748	-	-	**748**
Trade and other receivables	-	88,791	-	-	**88,791**
Other non-current assets	-	-	-	2,966	**2,966**
Floating interest rate:					
Cash and cash equivalents	1.98	344,920	-	-	**344,920**
Loans to other entities	5.50	859	1,188	-	**2,047**
Funds held in trust	1.55	-	-	2,496	**2,496**
Total financial assets		**435,318**	**1,188**	**5,462**	**441,968**
LIABILITIES					
Fixed interest rate:					
Borrowings	3.31	1,678	1,021	6,375	**9,074**
Non-interest bearing:					
Ingoing contributions and accommodation bonds	-	754,685	-	-	**754,685**
Trade and other payables	-	129,905	4,666	-	**134,571**
Other liabilities	-	85,984	367	-	**86,351**
Total financial liabilities		**972,252**	**6,054**	**6,375**	**984,681**

30 June 2018 **ASSETS**	**Effective interest rate (%)**	**MATURING (Years)** **< 1** **$'000**	 **1 to 2** **$'000**	 **> 2** **$'000**	**Total** **$'000**
Non-interest bearing:					
Cash and cash equivalents	-	613	-	-	**613**
Trade and other receivables	-	91,905	-	-	**91,905**
Other non-current assets	-	-	-	2,604	**2,604**
Floating interest rate:					
Cash and cash equivalents	2.24	334,763	-	-	**334,763**
Loans to other entities	6.08	799	845	-	**1,644**
Funds held in trust	1.45	-	-	2,468	**2,468**
Total financial assets		**428,080**	**845**	**5,072**	**433,997**
LIABILITIES					
Fixed interest rate:					
Borrowings	3.75	2,030	1,672	7,396	**11,098**
Non-interest bearing:					
Ingoing contributions and accommodation bonds	-	725,221	-	-	**725,221**
Trade and other payables	-	130,152	4,316	-	**134,468**
Other liabilities	-	67,172	352	-	**67,524**
Total financial liabilities		**924,575**	**6,340**	**7,396**	**938,311**

E Our people

This section provides further details of the Group's investment in our people including employee benefits and remuneration of key management personnel.

E1 Employee benefits and other provisions	2019 $'000	2018 $'000
Current		
Annual leave [i]	73,998	70,669
Long service leave [i]	69,255	61,836
Accrued day off and other leave	1,118	1,056
Sick leave	3,698	3,955
Restructuring provision	-	439
Total current employee benefits	**148,069**	**137,955**
Other provisions	303	523
Total current employee benefits and other provisions	**148,372**	**138,478**
Non-current		
Long service leave	15,027	16,738
Total non-current employee benefits and other provisions	**15,027**	**16,738**

i. The current portion of employee benefits liability includes all of the employee benefits where employees have completed the required period of service or will complete the required period of service within 12 months from the balance date. The entire annual leave provision is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. The current portion of the long service leave represents the unconditional entitlement where employees have completed the required period of service and also for those employees that are entitled to pro-rata payments in certain circumstances. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. Current leave obligations not expected to be settled within 12 months included in current employee benefits were $43,977,000 (2018: $40,206,000).

Key judgements and estimates

Annual and long service leave assumptions

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.

E1 Employee benefits and other provisions (continued)

Accounting policies

Wages and salaries
A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service and accumulating sick leave in the period the related service is rendered. 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 consistently with the related employee benefits.

Accrued day off and other leave
A liability for accrued rostered days off and time off in lieu is measured at the amounts expected to be paid when the liabilities are settled.

Sick leave
Under certain enterprise bargaining arrangements, sick leave accrued by employees has been recognised and measured at the amounts expected to be paid when the employee takes sick leave entitlements. The balance of the liability is settled on termination.

Restructuring
A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructure and has raised a valid expectation that it will carry out the plan through either commencement, or announcing its main features to those affected by it. The measurement of the provision includes only the direct expenditures arising from the restructure, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Group.

E2 Key management personnel compensation

Key management personnel compensation paid to executives included in salaries and employee costs are as follows:

	2019 $'000	2018 $'000
Short-term employee benefits	4,252	4,808
Post-employment benefits	230	247
Other long term employment benefits	-	213
Termination benefits	183	-
Total key management personnel compensation	**4,665**	**5,268**

No transactions other than those disclosed above were made with key management personnel (2018: nil).

F Our structure

This section explains the Group's structure including entities we control and our interests in joint ventures.

F1 Joint operations

Blue Care has a 50% interest in a joint operation with Brisbane Housing Company Limited that provides affordable housing under the National Rental Affordability Scheme (NRAS).

F1 Joint operations (continued)

Financial information relating to this interest is set out below.

	2019	2018
Interest in joint operation	**$'000**	**$'000**
Property, plant and equipment	4,633	4,761
Less: accumulated depreciation	(128)	(128)
Net interest in joint operation	**4,505**	**4,633**
Results		
Rental revenue	616	644
Expenses	(230)	(234)
Net contribution to result	**386**	**410**

Accounting policies
A joint operation is a joint arrangement whereby the parties to the joint venture have rights to the assets and obligations for the liabilities relating to the arrangement. Interests in joint operations are accounted for through the recognition of the proportionate share of the assets, liabilities, revenues and expenses of the joint operation. Classification of these items is consistent within the Group.

F2 Interests in other entities

Interests in equity accounted joint ventures			**Ownership Interest**		**Carrying amount of Investment**	
Name	**Place of Business**	**Principal Activities**	**2019 %**	**2018 %**	**2019 $'000**	**2018 $'000**
UnitingCare Medical Imaging Pty Ltd [i]	Australia	Healthcare	50	50	6,644	5,687
Leap in! Australia Ltd	Australia	Healthcare	50	50	-	1,388
Investments accounted for using the equity method					**6,644**	**7,075**

UnitingCare Medical Imaging Pty Ltd (UCMI) is an operator in the provision of diagnostic imaging services in Australia, and Leap in! Australia Ltd (LIL) is an online portal for national disabilities insurance scheme clients.

Movements during the year for equity accounted investments	**UCMI**		**LIL**	
	2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**
At beginning of the year	5,687	5,015	1,388	-
Add: Investments during the period	-	-	-	2,500
Add: Share of joint venture surplus/(deficit)	1,319	1,017	(1,388)	(1,112)
Less: Imputation tax credits	(362)	(345)	-	-
Balance at end of the year	**6,644**	**5,687**	**-**	**1,388**
Summarised financial performance:				
Joint ventures surplus/(deficit) for the year	2,638	2,035	(2,226)	(2,224)

Commitments and contingent liabilities in respect of joint ventures

A joint and several liability over an asset finance facility with an external bank amounting to $15,000,000 has been entered into by the two joint investors to UCMI. At the end of the period, no funds were drawn down.

F2 Interests in other entities (continued)

Accounting policies
A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost. When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

The Group recognises its share of the profits or losses of the joint venture, and its share of movements in the consolidated statement of profit or loss and other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

Unrealised gains and losses on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest. Accounting policies are consistent with the Group's policies.

Interests in joint ventures are tested for impairment when an indicator of impairment exists. If the recoverable amount is less than its carrying amount an impairment loss is recorded to adjust the carrying amount.

G Other disclosures

This section includes additional information that is required by accounting standards and other relevant legislation.

G1 New and amended standards adopted

The Group applied the following standards and amendments for the first time for the annual reporting period commencing 1 July 2018:

- AASB 9 *Financial Instruments;*
- AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014);*
- AASB 2017-1 *Amendments to Australian Accounting Standards – Transfers to Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments; and*
- AASB 2017-5 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections.*

The Group changed its accounting policies and made certain retrospective adjustments following the adoption of AASB 9. This is disclosed in G6.6. Other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

G2 Standards and Interpretations in issue but not yet adopted

The Group's assessment of the impact of these new standards and interpretation is set out below:

Title **AASB 15 Revenue from Contracts with Customers**
AASB 1058 Income of Not-for-Profit Entities
AASB 2016-8 Australian Implementation Guidance for Not-for-Profit Entities

Nature of change
The AASB has issued a new standard for the recognition of revenue, and for the recognition of income of not-for-profit entities. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 1004 which covers contributions. AASB 15 is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

G2 Standards and Interpretations in issue but not yet adopted (continued)

Impact of AASB 15
Management has assessed the effects of applying the new standard on the Group's financial statements and has identified the following areas that will be affected:

- Presentation of contract assets and contract liabilities in the consolidated statement of financial position – AASB 15 requires separate presentation of contract assets and contract liabilities in the consolidated statement of financial position. This will result in some reclassification as of 1 July 2019 in relation to hospital contracts, and grant funding surpluses which are currently included in other line items.

- Accounting for grant revenue – there will no longer be a distinction between reciprocal and non-reciprocal revenue. Transactions will be accounted for under AASB 15 where there is a legally enforceable contract with a customer that contains sufficiently specific performance obligations, and transactions that are not captured under AASB 15 will be accounted for under AASB 1058.

Impact of AASB 1058
AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15. This standard applies when a NFP entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the Group to further its objectives. Upon initial recognition of the asset, AASB 1058 requires the Group to consider whether any other financial statement elements (called 'related amounts') should be recognised such as:

- Contributions by owners;
- Revenue, or a contract liability arising from a contract with a customer;
- A lease liability;
- A financial instrument; or
- A provision.

These amounts will be accounted for in accordance with the applicable Australian Accounting Standard.

The Group does not anticipate recognising volunteer services within the financial statements, given the fair value of these services is not reliably measureable in financial terms.

Mandatory application date / date of adoption
The Group will apply the standards from their mandatory adoption dates of 1 July 2019. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in accumulated funds as of 1 July 2019 and that comparatives will not be restated.

Title AASB 16 Leases

Nature of change
AASB 16 was issued in February 2016. It will result in most leases being recognised in the consolidated statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

Impact on lessee accounting

Based on UnitingCare Queensland's assessment, it is expected that the first time adoption of AASB 16 for the year ending 30 June 2020 will have a material impact on the transactions and balances recognised in the financial statements, in particular:

- Right-of-use assets and financial liabilities in the statement of financial position will increase;
- There will be a reduction in accumulated funds as the carrying amount of right-of-use assets will reduce more quickly than the carrying amount of lease liabilities;
- Finance costs will be higher; depreciation and amortisation expense will be higher and property expense will be lower in the statement of profit or loss and other comprehensive income;

G2 Standards and Interpretations in issue but not yet adopted (continued)

- Operating cash flows will decrease and financing cash flows will increase in the statement of cash flows;
- Other current assets (prepayments) and trade and other payables will decrease as prepayments and accrued lease payments recognised at 30 June 2019 will be incorporated into the value of the lease liability;
- Other current liabilities and other non-current liabilities will decrease as lease incentives and straight-line lease liabilities recognised at 30 June 2019 will be derecognised and reduce the amount of the right-of-use asset on initial adoption.

Lease incentives will be recognised as part of the measurement of right-of-use assets whereas under AASB 117 they resulted in the recognition of a lease liability incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under AASB 16, right-of-use assets will be tested for impairment in accordance with AASB 136 *Impairment of Assets*. This will replace the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low value assets (such as personal computers and handsets), the Group will opt to recognise a lease expense on a straight-line basis as permitted by AASB 16.

Finance leases
The main differences between AASB 16 and AASB 117 with respect to assets formerly held under a finance lease is the measurement of the residual value guarantees provided by the lessee to the lessor. AASB 16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by AASB 117. On initial application the Group will present equipment previously included in property, plant and equipment within the line item for right-of use assets and the lease liability, previously presented within borrowing, will be presented in a separate line for lease liabilities.

Based on an analysis of the Group's finance leases as at 30 June 2019 on the basis of the facts and circumstances that exist at that date, management of the Group have assessed that the impact of this change will not have an impact on the amounts recognised in the Group's consolidated financial statements.

Impact on lessor accounting
Under AASB 16, a lessor continues to classify leases as either finance leases or operating leases and account for these two types of leases differently. However, AASB 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

Under AASB 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts. The intermediate lessor is required to classify the sublease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under AASB 117).

Because of this change the Group will reclassify certain of its sublease agreements as finance leases. As required by AASB 9, an allowance for expected credit losses will be recognised on the finance lease receivables. The leased assets will be derecognised and finance lease asset receivables recognised. This change in accounting will change the timing of recognition of the related revenue (recognised in finance income).

Mandatory application date / date of adoption
The Group will apply the standard from its mandatory adoption date of 1 July 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses), excluding selected property which will be recognised as if AASB 16 had always been in place, adjusting for any depreciation that would have been expensed in the intervening years between the lease commencement and adoption of AASB 16.

G2 Standards and Interpretations in issue but not yet adopted (continued)

Title AASB 2018-8 Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities

Nature of change
AASB 2018-8 amends AASB 1, AASB 16, AASB 117, AASB 1049 and AASB 1058 to provide a temporary option for not-for-profit entities to not apply the fair value initial measurement requirements for right-of-use assets arising under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives. The Standard requires an entity that elects to apply the option (i.e. measures a class or classes of such right-of-use assets at cost rather than fair value) to include additional disclosures in the financial statements to ensure users understand the effects on the financial position, financial performance and cash flows of the entity arising from these leases.

Impact on initial application
The Group intends to take up the temporary option to not apply the fair value initial measurement requirements for right-of-use assets. The Group has several of these arrangements including both peppercorn leases and leases at significantly below market terms. The Group will be required to provide additional disclosures in the financial statements relating to these leases.

Mandatory application date / date of adoption
The Group will apply the standard from its mandatory adoption date of 1 July 2019.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

G3.1 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the 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, unless otherwise not recoverable. 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.

G3.2 Income taxes

No provision for income tax has been made as the Group 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.

G4 Going concern

The financial statements have been prepared on an accruals basis of accounting, except for cash flow information, and include the assumption that the Group will continue to operate as a going concern.

The Group has a net current asset deficiency of $659,022,000 (2018: $608,916,000), a significant portion of which is ingoing contributions and accommodation bonds of $754,685,000 (2018: $725,221,000), which are disclosed as a current liability. Current liability classification notwithstanding, the Group expects that, of the total ingoing contributions and accommodation bonds disclosed as a current liability, $629,421,000 (2018: $604,046,000) will not be repaid within 12 months (refer C1.5). Furthermore, the repayment of any ingoing contributions and accommodation bonds will be offset by incoming ingoing contributions and accommodation bonds. Additionally, of total current employee benefits disclosed, $43,977,000 (2018: $40,206,000) are expected to be settled after 12 months (refer E1). The Group's adjusted net current asset position is reflected as follows:

	2019 $'000	2018 $'000
Net current asset deficiency	(659,022)	(608,916)
Add back: Ingoing contributions and accommodation bonds not expected to be repaid within 12 months	629,421	604,046
Add back: Ingoing contributions and accommodation bonds expected to be repaid within 12 months and replaced by new ingoing contributions and accommodation bonds	125,264	121,175
Add back: Current employee benefits not expected to be settled within 12 months	43,977	40,206
Total adjusted net current asset position	**139,640**	**156,512**

G5 Comparatives

Where necessary, comparative amounts have been amended for any changes to the current year presentation or classification of items in the financial statements that were made in order to enhance users' understanding of the financial statements.

Hospital receivable amounts relating to patients not discharged not invoiced have been reclassified from trade receivables to other receivables within C1.1.

G6 Other Disclosures

G6.1 Auditor's remuneration

	2019 $	2018 $
Audit fees	555,000	555,000
Other services	651,192	223,060
Total auditor's remuneration	**1,206,192**	**778,060**

The auditor for the Group is Deloitte Touche Tohmatsu. Other services provided relate to consulting and professional fees. Management has considered the non-audit services provided by Deloitte and is satisfied that the provision of non-audit services during the FY 2019 is compatible with the general standard of independence for auditors imposed by the Australian Charities and Not-for-profits Commission Act 2012. The nature and scope of the non-audit service provided meant that auditor independence was not compromised.

G6.2 Other related party disclosures

(a) Equity interests in related parties

For details of joint arrangements refer to sections F1 and F2. For details of a loan to a joint venture refer to section C1.3.

(b) Transactions with other related parties

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

The Group makes financial contributions to the Uniting Church in Australia – National Assembly which is the national body for the UnitingCare network.

(c) Transactions and balances with related parties

The consolidated deficit for the year includes the following amounts arising from transactions and balances with related parties:

	2019 $'000	2018 $'000
Uniting Church in Australia – Queensland Synod		
Chaplaincy services	(3,002)	(2,755)
Insurance premiums expense	(10,419)	(10,021)
Other income / (expenses)	43	(23)
Stewardship fee	(8,958)	(8,800)
Redress contribution	(2,305)	-
Net payables owed	(2,351)	(64)
Uniting Church Investment Services		
Interest revenue received	6,897	5,822
Cash on deposit at the end of year	254,467	254,784
Funds held in trust	2,496	2,468
The Uniting Church in Australia – National Assembly		
Contribution paid	(691)	(517)
UnitingCare Medical Imaging Pty Ltd		
Receivable owing	42	29
Loan receivable	859	1,644
Unearned prepaid income	(702)	(773)
Investment in joint venture	6,444	5,687
Rental income	2,005	1,706
Other sundry income	568	660
Reimbursement of theatre and prosthetics fees (expense)	(3,670)	(3,301)
Breast clinic fees	-	(404)
Other sundry expenses	(1,283)	(509)
Leap in! Australia Ltd		
Contributions	-	2,500
Loan receivable	1,188	-
Investment in joint venture	-	1,388

G6.3 Contingent liabilities

Periodically, the organisation is notified of claims from people who have received current and/or previous services from the Uniting Church in Australia, Queensland Synod or its predecessor Denominations. Although the Group and the Uniting Church in Australia, Queensland Synod meet with claimants, payments made to claimants are paid through the Queensland Synod Insurance Managed Fund (including where applicable contributions from insurers and other predecessor Denominations) and not directly by the Group.

The Group notes and supports the establishment of the National Redress Scheme on 1 July 2018. The financial responsibility for meeting costs associated with redress and civil litigation will be borne collectively by the Uniting Church in Australia, with UnitingCare Queensland being a responsible body contributing to the recovery of costs. The nature and extent of any claims in any period are not predictable and therefore any amounts levied may vary from year to year.

Additionally the Group notes and supports the ongoing Royal Commission into Violence, Abuse, Neglect and Exploitation of People with a Disability and the Royal Commission into Aged Care.

From time to time, the services of the Group are named in legal claims of a medical nature. The outcome of these claims is uncertain. The Board is of the opinion that provisions are not required in respect of these matters, as it is not probable that a future outflow of economic benefits will be required or the amount is not capable of reliable measurement and insurance policies are adequate to meet these claims. The maximum exposure to liability for excess payments in respect of these claims is $2,053,000 (2018: $1,930,000).

The Group has received capital grants from the State and Commonwealth governments. Funding received may be repayable in circumstances where the asset is sold or it ceases to be used for its funded purpose, depending on the specific contractual obligations of each contract. The contingent liability at 30 June 2019 was $4,570,000 (2018: $4,570,000). Blue Care portion of the contingent liability at 30 June 2019 was $4,276,000 (2018: $4,276,000).

The Group is aware of capital funding grants provided by the Commonwealth Government to agencies previously responsible for the delivery of residential care services.

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

G6.4 Economic dependency

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

G6.5 Events after the reporting period

There were no matters subsequent to the end of the year that have come to attention that would have a material impact on the financial statements or disclosures therein.

G6.6 Changes in accounting policies

AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities derecognition of financial instruments and impairment of financial assets.

The adoption of AASB 9 *Financial Instruments* from 1 July 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in C1.1. In accordance with the transitional provisions in AASB 9 comparative figures have not been restated. The total impact on the Group's accumulated funds as at 1 July 2018 is as follows:

	2018 $'000
Closing accumulated funds 30 June – AASB 139	925,511
Adjustment to accumulated funds from adoption of AASB 9 on 1 July 2018	(174)
Opening accumulated funds 1 July – AASB 9	**925,337**

UnitingCare Queensland

Notes to the financial statements

For the year ended 30 June 2019

G6.7 ACNC required disclosure

As per section A2.3, the UCQ ACNC reporting group includes the following entities:

- UnitingCare Queensland
- UnitingCare Community
- Blue Care; and
- UnitingCare Health.

However UnitingCare Queensland also controls and consolidates ARRCS. A reconciliation is included below, with any reclassifications required, to comply with ACNC disclosure requirements:

Consolidated statement of profit or loss and other comprehensive income	**UCQ ACNC reporting group $'000**	**Other controlled entities [i] $'000**	**Eliminations $'000**	**UCQ Consolidated Group $'000**
Revenue				
Government grants [ii]	603,568	60,755	-	664,323
Donations and bequests [iii]	10,482	15	-	10,497
Other revenue	932,482	8,937	(1,646)	939,773
Total revenue	**1,546,532**	**69,707**	**(1,646)**	**1,614,593**
Other income	4,591	693	(775)	4,509
Total income	**1,551,123**	**70,400**	**(2,421)**	**1,619,102**
Expenses				
Salary and employee expenses	(971,491)	(38,690)	-	(1,010,181)
Other expenses	(633,798)	(17,712)	2,421	(649,089)
Total expenses	**(1,605,289)**	**(56,402)**	**2,421**	**(1,659,270)**
Net surplus/(deficit)	**(54,166)**	**13,998**	**-**	**(40,168)**
Consolidated statement of financial position				
Assets				
Total current assets	422,249	48,059	(191)	470,117
Total non-current assets	1,603,335	49,129	-	1,652,464
Total assets	**2,025,584**	**97,188**	**(191)**	**2,122,581**
Liabilities				
Total current liabilities	(1,109,470)	(19,860)	191	(1,129,139)
Total non-current liabilities	(78,891)	(459)	-	(79,350)
Total liabilities	**(1,188,361)**	**(20,319)**	**191**	**(1,208,489)**
Net assets	**837,223**	**76,869**	**0**	**914,092**

[i] All other controlled entities are also public benevolent institutions.
[ii] Government grants includes both 'grants and subsidies' and 'capital grants from governments' (refer B1).
[iii] Donations and bequests includes both 'fundraising and donations' and 'fundraising and donations income – bequests' (refer B1).

UnitingCare Queensland

Declaration by the Board of UnitingCare Queensland

30 June 2019

The Board of UnitingCare Queensland declares that:

(a) the financial statements and notes set out on pages 1 to 35:

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 2019 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 1 October 2019

Nigel Alexander, Chair
UnitingCare Queensland Board

Chris Townend, Chair
UnitingCare Queensland Risk, Audit and Compliance Committee

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The Chairman
UnitingCare Queensland Board
Level 5, 192 Ann Street
Brisbane Qld 4000
Australia

1 October 2019

Dear Nigel

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 financial statements of The Uniting Church in Australia – Queensland Synod, UnitingCare Queensland for the financial year ended 30 June 2019, 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; or

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Matthew Donaldson
Partner
Chartered Accountants

Deloitte.

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

Opinion

We have audited the financial report of The Uniting Church in Australia – Queensland Synod, UnitingCare Queensland (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2019, 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, and notes to the financial statements, including 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 36.

In our opinion, the accompanying financial report of The Uniting Church in Australia – Queensland Synod, UnitingCare Queensland is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (the "ACNC Act"), including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance 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*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the ACNC Act and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of the Board for the Financial Report

The Board of the Group is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the ACNC Act and for such internal control as the Board determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board is responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.

- Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with management and the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Matthew Donaldson
Partner
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