ANGLICARE NSW SOUTH, NSW WEST & ACT

General Purpose Financial Statements

for the Financial Year Ended

30 June 2019

CONTENTS

Report by Members of the Board for the Financial Year Ended 30 JUNE 2019

The Members of the Board of Anglicare NSW South, NSW West and ACT (Anglicare) submit the following report and the accompanying financial statements in respect of the financial year ended 30 June 2019:

Names of members of the Board

The names of the members of the Board of Anglicare (the Board) who have been in office during the financial year ended 30 June 2019, and up to the date of this report, are as follows:

Ms Lynette Glendinning (Presiding Member)
Mr Greg Mills (Deputy Presiding Member)
Dr Bill Anscombe
Ms Jocelyn Martin
The Rev'd Canon Margaret Emil
Ms Alexandra (Sandy) Spark
Mr Jeremy Halcrow (reappointed April 2019)
Mr David Wallace (appointed 13 August 2018)
Mr Michael Antrum (appointed 19 October 2018)

Principal activities

The principal activities of Anglicare during the financial year included permanency support programs, homelessness services including emergency and transitional housing, services to youth and families at risk, children's services including early childhood education centres, disability services, counselling, health care, disaster recovery management, parish based care, opportunity shops, advocacy, research and self-care facilities to independent retirees.

Review of results

The surplus of Anglicare for the financial year ended 30 June 2019 was $706,288 (2018: $756,042) based on total income of $70,024,468 (2018: $66,861,606) and expenses of $69,318,180 (2018: $66,105,564).

Statement by Members of the Board for the Financial Year ended 30 June 2019

In the opinion of the members of the board:

The financial statements set out in the following pages are drawn up so as to give a true and fair view of the entity's financial position as at 30 June 2019 and of its financial performance for the year ended on that date;

At the date of the financial statements, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they fall due; and

The financial statements are prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and other mandatory professional reporting requirements and satisfy the requirements of the *Australian Charities and Not-for-Profits Commission Act 2012.*

Signed at Canberra this 29th day of October 2019 in accordance with a resolution of the Board.

Lynette Glendinning

Presiding Member

Board Member

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Independent Auditor's Report to the Members of Anglicare NSW South, NSW West & ACT

Report on the Financial Report

Opinion

We have audited the financial report of Anglicare NSW South, NSW West & ACT (the "Entity"), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the statement by members of the board.

In our opinion, the accompanying financial report of the Entity is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

a) giving a true and fair view of the Entity's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and

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

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 Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) 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.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Report by the Members of the Board, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the Board for the Financial Report

The Board of the Entity is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Act 2012* and for such internal control as the Board determines 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 Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Entity or to cease operations, or have 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 judgment 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 Entity'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 Entity'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 Entity 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.

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We communicate with 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.

Ernst + Young

Ernst & Young

Ben Tansley

Ben Tansley
Partner
Canberra
31 October 2019

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2019

	Note	2019 $	2018 $
Revenue	2	67,988,002	64,811,914
Gain on revaluation of investment property	2	1,162,896	1,302,123
Other income	2	873,570	747,569
Operating expenses	3	(30,233,222)	(29,827,507)
Loss on remeasurement of licences to occupy		(1,051,914)	(1,122,088)
Employee expenses	4	(38,033,044)	(35,155,969)
Surplus for the year		**706,288**	**756,042**
Other comprehensive income for the year		-	-
Total comprehensive income for the year		**706,288**	**756,042**

STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	2019 $	2018 $
Current Assets			
Cash and cash equivalents	5	585,451	257,961
Trade and other receivables	6	1,373,534	2,072,090
Other financial assets	7	5,711,815	4,890,624
Prepayments		242,946	204,234
Total Current Assets		7,913,746	7,424,909
Non-Current Assets			
Property, plant and equipment	8	3,672,785	3,618,842
ACPT funds	9	2,536,433	2,274,455
Investment property	10	62,532,340	59,827,247
Total Non Current Assets		68,741,558	65,720,544
Total Assets		**76,655,304**	**73,145,453**
Current Liabilities			
Trade and other payables	11(a)	48,640,462	47,107,345
Interest bearing liabilities	12	984,645	-
Provisions	13(a)	3,083,017	2,688,299
Total Current Liabilities		52,708,124	49,795,644
Non-Current Liabilities			
Trade and other payables	11(b)	75,688	69,816
Provisions	13(b)	737,101	851,890
Total Non-Current Liabilities		812,789	921,706
Total Liabilities		**53,520,913**	**50,717,350**
Net Assets		**23,134,391**	**22,428,103**
Equity			
Reserves		2,918,736	2,583,103
Accumulated funds		20,215,655	19,845,000
Total Equity		**23,134,391**	**22,428,103**

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2019

	Accumulated funds	ACPT Reserve	Fundraising Reserve	Total equity
As at 1 July 2017	19,154,165	2,100,134	417,762	21,672,061
Net surplus for the year	756,042	-	-	756,042
Transfer to/ (from) reserves	(65,207)	174,321	(109,114)	-
Balance as at 30 June 2018	**19,845,000**	**2,274,455**	**308,648**	**22,428,103**
Net surplus for the year	706,288	-	-	706,288
Transfer to/ (from) reserves	(335,633)	261,977	73,656	-
Balance as at 30 June 2019	**20,215,655**	**2,536,432**	**382,304**	**23,134,391**

STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2019

	Note	2019 $	2018 $
Cash flow from operating activities			
Receipts from funders and clients		73,490,918	71,752,492
Payments to suppliers and employees		(73,611,377)	(69,237,408)
Interest received		245,928	230,987
Net cash from operating activities		125,469	2,746,071
Cash flow from investing activities			
Purchase of property, plant and equipment		(493,936)	(385,277)
Purchase of investment property		(1,542,197)	(419,910)
(Acquisition of)/ receipts from investments		(821,191)	1,068,181
Receipts for long term maintenance fund		5,872	16,187
Net cash (used in)/ from investing activities		(2,851,452)	279,181
Cash flow from financing activities			
Receipts from licences to occupy		5,193,483	2,725,650
Payments for licences to occupy		(3,124,655)	(6,678,546)
Inflows from interest bearing liabilities		984,645	-
Net cash from/ (used in) financing activities		3,053,473	(3,952,896)
Net increase/ (decrease) in cash held		327,490	(927,644)
Cash at 1 July		257,961	1,185,605
Cash at 30 June	5	**585,451**	**257,961**

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements represent the individual entity of Anglicare NSW South, NSW West & ACT (Anglicare) for the financial year 1 July 2018 to 30 June 2019. The address of its registered office is 221 London Circuit, Canberra, ACT.

Statement of Compliance and Basis of Preparation
The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Australian Accounting Standards - Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board and the *Australian Charities and Not-for-Profits Commission Act 2012.*

Anglicare is incorporated under the *Anglicare Canberra and Goulburn Incorporation Ordinance 2006* in the Diocese of Canberra and Goulburn.

The financial statements are presented in Australian dollars and have been prepared on an accruals basis and are based on historical costs except for investment property, retirement village fund and ACPT investments that have been measured at fair value.

The following is a summary of the material accounting policies adopted by Anglicare in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated, and are consistent with those of the previous year.

Where necessary, the figures for the previous year have been reclassified and repositioned for consistency with current year disclosures.

Going Concern
Notwithstanding the net current liability position of $44.7m as at 30 June 2019, the financial report has been prepared on a going concern basis. The net current liability is predominantly due to the licence to occupy liability of $41.3m which is required to be disclosed as a current liability under Australian Accounting Standards. In practice this current liability is extinguished as and when an individual resident provides notice to vacate, at which time the independent living unit is typically re-let coinciding with a replenishment of licence to occupy entitlement. The members of the board have reviewed Anglicare's financial position and cash flow forecasts for the next twelve months, which shows that Anglicare will be able to meet its debts as and when they fall due and payable and are, therefore, of the opinion that the use of the going concern basis of accounting is appropriate.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New accounting standards and interpretations

Anglicare has adopted all new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period, including AASB 9 Financial Instruments. AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

Anglicare has applied AASB 9 retrospectively, with the initial application date of 1 July 2018. No adjustment has been made to the comparative information for the period beginning 1 July 2017 on the basis that the transition to the new standard did not have a material impact on any financial statement line items. The impact of adopting AASB 9 on the statement of comprehensive income for the year ended 30 June 2019 comprised of the recognition of an expected credit loss provision of $58,818.

In summary, upon the adoption of AASB 9, Anglicare had the following reclassifications:

Financial Statement item	$ 000	Class under AASB 139	AASB 9
Trade and other receivables	1,374	Loans and receivables	Amortised cost
Term deposits	1,275	Investment held to maturity	Amortised cost
Retirement village fund	4,437	Fair value through profit or loss	Fair value through profit or loss
ACPT funds	2,536	Fair value through profit or loss	Fair value through profit or loss

Accounting Policies

a) Income Tax

Anglicare is a tax exempt body under Subdivision 50-B of the *Income Tax Assessment Act 1997*.

b) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Client fees

Fees for services are recognised as services are provided. These include child care fees, retirement village maintenance fees and National Disability Insurance Scheme (NDIS) client fees and medicare income related to clients.

Interest

Interest revenue is recognised using the effective interest rate method.

Out of home care exception support

Revenue from the rendering of a service related to out of home care support is recognised upon the delivery of the service to the client.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grant revenue
Grant revenue is recognised in the Statement of Comprehensive Income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.If conditions are attached to the grant which must be satisfied before the entity is entitled to the contribution, the recognition of the grant as revenue is deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered, otherwise the grant is recognised as income on receipt.

Sales
Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Donations
Donation and appeals income is recognised when received.

Deferred management fees
Income from amortisation of licences to occupy (known as deferred management fees) are recognised on the basis of each individual contract and is the amount relevant to the specific period. Deferred management fees are only applicable to a specific period of time noted in each contract and are recognised on a straight line basis over this term.

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

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

c) Property, Plant and Equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

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

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the estimated useful lives of the assets. The depreciation rates used for each class of depreciable asset are as follows:

Class of Asset	Depreciation Rates
Land and buildings	50 years
Plant and equipment	5 to 20 years
Fixtures, fittings & furniture	10 years
Computer equipment	3 to 4 years

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment

Anglicare assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, Anglicare estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if Anglicare were deprived of the asset, its value in use is taken to be its depreciated replacement cost. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Comprehensive Income.

The land and buildings in these financial statements are held in the name of the Anglican Church Property Trust Diocese of Canberra and Goulburn (ACPT). They are controlled by Anglicare and are recorded as assets.

d) Investment Property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in fair values of investment properties are included in profit or loss in the period in which they arise. Fair value is determined based on an annual evaluation performed by an accredited external, independent valuer.

The investment properties recorded by Anglicare are held in the name of the ACPT. They are controlled by Anglicare and are recorded in Anglicare's financial statements at fair value based on annual valuations by external independent valuers (See Note 10).

e) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

f) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Financial assets

Initial recognition and measurement

Financial assets are classified at initial recognition, and subsequently measured at either amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and Anglicare's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, Anglicare initially measures a financial asset at its fair value. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under applicable revenue recognition principles.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Anglicare does not have any financial instruments measured at fair value through OCI.

Anglicare's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

Financial assets at amortised cost (debt instruments)

Anglicare measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Anglicare's financial assets at amortised cost includes trade receivables and term deposits.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Anglicare's financial assets at fair value through profit or loss includes the retirement village funds and ACPT funds.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from Anglicare's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or

- Anglicare has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) Anglicare has transferred substantially all the risks and rewards of the asset, or (b) Anglicare has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When Anglicare has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, Anglicare continues to recognise the transferred asset to the extent of its continuing involvement. In that case, Anglicare also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that Anglicare has retained.

Impairment of financial assets

For trade receivables, where material, Anglicare applies the simplified approach in calculating expected credit loss (ECL). Therefore, Anglicare does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. Anglicare has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected credit loss allowance on trade receivables for 2019 is $58,818 (2018: Nil).

ii) Financial liabilities

Classification and subsequent measurement of financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Anglicare's financial liabilities include; the licence to occupy on independent living units; trade and other payables; and loans and borrowings.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Licences to occupy

Licences to occupy represent the portion of initial contributions repayable to residents of self-care units when they vacate their unit, plus any share of capital appreciation due to residents as specified in individual contracts. The share of capital appreciation is calculated on the basis of the fair values of the underlying investment properties as outlined in note 1(d). After initial recognition, the licence to occupy on independent living units are subsequently measured net of deferred management fees (DMF) for the financial year. This adjustment is based on the values of the underlying investment properties and contractual arrangements. Licences to occupy are recorded at their nominal value adjusted for any retention or share of capital appreciation owing to residents.

Trade and other payables, interest-bearing loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

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

This category generally applies to interest-bearing loans and borrowings and trade payables.

g) Employee provisions

Provision is made for the liability for employee benefits arising from services rendered by employees to balance date. The benefits expected to be settled within one year to employees for their entitlements have been measured at the amounts expected to be paid including on-costs and are disclosed as current liabilities. Employee benefits payable later than one year are measured at the present value of the estimated future cash outflows to be made in respect of those benefits.

h) Provisions

Provisions are recognised when Anglicare has a legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will result and that the outflow can be reliably measured.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within current interest bearing liabilities on the Statement of Financial Position where applicable.

j) Goods and Services Tax (GST)

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

Cash flows are presented in the 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.

k) Significant Accounting Judgements, Estimates and Assumptions

In the application of the entity's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Board believe that the key estimates or key judgements used in the development of the financial statements were the estimate of the useful lives of assets and the valuation of investment properties which informs the measurement of the licence to occupy liability. The key areas of judgement in valuing the licences to occupy are the market-based assumptions that are included in the annual valuation of the investment properties, which is conducted by external independent valuers. The Board does not believe that any key estimates or judgements will give rise to a significant risk of material adjustment in the future.

For investment properties, a valuation methodology based on comparable market data was used by the external independent valuers (See Note 10).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Reserves

ACPT Reserve
Anglicare records a reserve in equity for funds held with the ACPT on behalf of Anglicare which have been received from bequests and have specific terms related to their use.

Fundraising Reserve
Anglicare also records a reserve in equity for funds collected by the organisation through fundraising appeals. The reserve tracks how these funds are applied to the purposes of the appeal in subsequent years.

NOTE 2: REVENUE

	2019	2018
Revenue	**$**	**$**
Early childhood education and disability client fees	11,114,039	10,958,126
Non placement service support (NPSS)	1,690,748	1,565,969
Medicare income	234,775	214,324
Gain on investment	261,978	174,321
Interest received	449,936	380,892
Maintenance fees	755,617	737,467
Deferred management fees	1,232,040	1,462,354
Rent	22,436	12,671
Operational grants	49,486,490	46,398,415
Out of home care exception support	656,346	1,065,440
Retail and training sales	1,584,781	1,346,622
Appeals and donations	498,816	495,313
Total revenue	**67,988,002**	**64,811,914**
Gain on revaluation of investment property	1,162,896	1,302,123
Total gain on revaluation of investment property	**1,162,896**	**1,302,123**
Other income		
Other	873,570	747,569
Total other income	**873,570**	**747,569**
Total revenue and other income	**70,024,468**	**66,861,606**

NOTE 3: OPERATING EXPENSES

	2019 $	2018 $
Operating Expenses		
Advertising	96,265	115,439
Cleaning and laundry	392,441	388,862
Client brokerage	5,552,047	5,414,169
Conferences, travel and training	1,696,996	1,276,927
Contractors, consultants and corporate expenses	5,285,587	5,372,510
Depreciation	433,702	432,751
Foster care	8,422,406	8,381,667
Insurance	1,845,648	2,000,230
Lease	1,850,894	1,840,761
Minor replacements	237,172	244,121
Motor vehicle expenses	2,093,689	2,008,024
Postage, printing and photocopy	372,132	367,464
Professional fees	242,027	263,983
Public relations	65,038	80,286
Repairs and maintenance	573,049	548,435
Utilities	860,785	861,970
Other expenses	213,344	229,908
Total operating expenses	**30,233,222**	**29,827,507**

NOTE 4: EMPLOYEE EXPENSES

Salaries and wages	34,682,933	32,035,785
Superannuation	3,028,672	2,787,797
Other staff expenses	321,439	332,387
Total employee expenses	**38,033,044**	**35,155,969**

NOTE 5: CASH AND CASH EQUIVALENTS

Cash on hand	29,920	30,170
Cash at bank	180,800	164,122
Deposits at call	374,731	63,669
Total cash and cash equivalents	**585,451**	**257,961**

NOTE 6: TRADE AND OTHER RECEIVABLES

	2019 $	2018 $
Trade and other debtors	762,488	1,606,234
Expected credit loss provision	(58,818)	-
Accrued income	669,864	465,856
Total trade and other receivables	**1,373,534**	**2,072,090**

Anglicare management assesses the expected credit loss provision as $58,818 (2018: Nil)

No adjustment has been made to the comparative information for the period ending 30 June 2018 on the basis that the transition to the new standard did not have a material impact on any financial statement line items.

NOTE 7: OTHER FINANCIAL ASSETS

Anglicare Retirement Village Fund (1)	4,437,266	3,960,934
Term deposits (2)	1,274,549	929,690
Total Other Financial Assets	**5,711,815**	**4,890,624**

(1) The Anglicare Retirement Village Fund is invested in the ACPT as a unitised managed fund investment. These funds which are measured at fair value by the ACPT are available to Anglicare in meeting its cash flow requirements in relation to its Retirement Village portfolio.

(2) Term deposits are held with the Anglican Investment and Development Fund and have original terms to maturity of between 3 months and 2 years.

NOTE 8: PROPERTY, PLANT AND EQUIPMENT – AT COST

	2019 $	2018 $
Land and buildings - at cost	3,874,964	3,817,937
Less accumulated depreciation	(479,632)	(400,626)
	3,395,332	3,417,311
Plant and equipment - at cost	856,322	784,469
Less accumulated depreciation	(791,266)	(736,772)
	65,056	47,697
Motor vehicles - at cost	2,273	2,273
Less accumulated depreciation	(1,096)	(698)
	1,177	1,575
Fixtures, fittings & furniture - at cost	1,550,162	1,320,323
Less accumulated depreciation	(1,418,853)	(1,201,825)
	131,309	118,498
Landscaping - at cost	81,505	72,743
Less accumulated depreciation	(80,052)	(71,257)
	1,453	1,486
Computer equipment - at cost	1,421,155	1,351,792
Less accumulated depreciation	(1,404,650)	(1,324,770)
	16,505	27,022
Fire & protection - at cost	35,797	35,797
Less accumulated depreciation	(30,938)	(30,544)
	4,859	5,253
Assets under construction	57,094	-
Less accumulated depreciation	-	-
	57,094	-
Total property, plant and equipment	**3,672,785**	**3,618,842**

NOTE 8: PROPERTY, PLANT AND EQUIPMENT – AT COST (continued)

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

	Land & Buildings	Plant & Equipment including Assets under Construction	Motor Vehicles	Fixtures, Fittings & Furniture	Landscaping	Computer Equipment	Fire Protection	Total
	$	$	$	$	$	$	$	$
Balance at 30 June 2018	3,417,311	47,697	1,575	118,498	1,486	27,022	5,253	3,618,842
Additions	57,027	128,946	-	229,839	8,762	69,362	-	493,936
Depreciation Expense	(79,006)	(54,494)	(398)	(217,027)	(8,794)	(79,880)	(394)	(439,993)
Carrying amount at 30 June 2019	**3,395,332**	**122,149**	**1,177**	**131,310**	**1,454**	**16,504**	**4,859**	**3,672,785**

NOTE 9: ACPT FUNDS

	2019 $	2018 $
Trust funds held by the ACPT	**2,536,433**	**2,274,455**

The trust moneys include bequests which are held in the name of and administered by the ACPT in the form of cash and equities. The net income earned from the bequests is included in Note 2 Revenue as a gain on investment. The trust moneys can only be applied by Anglicare in accordance with the requirements of each trust and then only with the approval of the ACPT. For this reason, they have been transferred to a reserve entitled 'ACPT'.

NOTE 10: INVESTMENT PROPERTY

(a) Fair value		
Investment Property	61,345,000	59,650,000
Work In Progress	1,187,340	177,247
	62,532,340	**59,827,247**
(b) Movements in fair values		
Investment Property		
Balance at the beginning of the year	59,650,000	58,105,214
Additions	532,104	242,663
Gain on revaluation	1,162,896	1,302,123
Balance at end of the year	**61,345,000**	**59,650,000**
Work In Progress		
Balance at the beginning of the year	177,247	-
Additions	1,010,093	177,247
Balance at end of the year	**1,187,340**	**177,247**
Total balance at end of the year	**62,532,340**	**59,827,247**

Anglicare's investment properties consist of three retirement village properties in Australia located in Downer and Red Hill ACT and Wollondilly Gardens, Goulburn NSW.

As at 30 June 2019, the fair values of the properties are based on valuations performed by CBRE Valuation & Advisory Services and Douglas Walker & Associates, accredited independent valuers. The fair value of the investment properties was determined using the direct comparison approach taking into consideration general and economic factors and recent sales of comparable properties. The valuer determined fair value of the land and buildings by reference to market-based evidence (Level 3 inputs on the fair value hierarchy).

NOTE 11: TRADE AND OTHER PAYABLES

	2019 $	2018 $
Current		
Waiting list deposits	13,800	14,900
Creditors and accruals	6,219,812	6,257,692
Grant income in advance	1,127,265	1,443,870
Licences to occupy (i)	41,279,585	39,390,883
(a) Total current trade and other payables	**48,640,462**	**47,107,345**
Non current		
Other long term payables (ii)	75,688	69,816
(b) Total non current trade and other payables	**75,688**	**69,816**

(i) Retirement living residents generally pay Anglicare an amount equivalent to the value of the unit/villa in exchange for a lease to live in the unit and access community facilities. The amount paid is recorded as a licence to occupy liability. During the resident's tenure Anglicare earns Deferred Management Fees (DMF) which are calculated based on the individual resident contract. Licences to occupy are recorded as current liabilities as Anglicare does not have an unconditional right to defer settlement of the liabilities for at least 12 months after balance date.

(ii) Other long term payables represents the balance of the Retirement Village's Long Term Maintenance Fund as at balance date.

NOTE 12: INTEREST BEARING LIABILITIES

Current		
Wollondilly Gardens development loan facility	984,645	-
(a) Total current interest bearing liabilities	**984,645**	**-**
Non current		
(b) Total non current interest bearing liabilities	-	-

During the 2019 financial year Anglicare has taken out a loan facility of $2,700,000, with the Anglican Investment Development Fund (AIDF), to fund development of 6 new villas on the Wollondilly Gardens site. This loan is expected to be repaid during the financial year ending 30 June 2020, upon completion and sale of the new units. Only $984,645 of this facility was used as at 30 June 2019. Anglicare also has overdraft facilities totaling $1,150,000 which are subject to annual review and are unused as at 30 June 2019.

NOTE 13: PROVISIONS

	2019 $	2018 $
Current		
Provision for annual leave	2,175,607	1,926,500
Provision for long service leave	877,775	731,964
Provision for aged care costs	29,635	29,835
(a) Total current provisions	**3,083,017**	**2,688,299**
Non current		
Provision for long service leave	737,101	851,890
(b) Total non current provisions	**737,101**	**851,890**

The current balance of the provision for aged care costs represents waiting list deposits related to the aged care facilities. This liability remains with Anglicare due to an obligation to return on request.

NOTE 14: RELATED PARTY TRANSACTIONS

Key management personnel

Key management personnel is defined by *AASB 124 Related Party Disclosures* as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the entity.

The Directors of the Board did not receive or become entitled to receive any remuneration in respect of the management of the organisation in the 2019 and 2018 financial years.

The aggregate remuneration paid to key management personnel during the financial year is as follows:

	2019 $	2018 $
Key management personnel compensation	1,104,044	1,305,954

This compensation includes amounts paid directly to employees of the entity, structural changes including redundancy payments and amounts paid to the Anglican Diocesan Services in relation to the services of key management personnel.

Loans with key management personnel

There were no loans provided to or from key management personnel during the financial year and there were no loans outstanding at the end of the financial year.

NOTE 14: RELATED PARTY TRANSACTIONS (continued)

Other related parties

Anglicare, Anglican Diocesan Services, Anglican Investment & Development Fund and ACPT are all incorporated under ordinances within the Diocese of Canberra & Goulburn. During the financial year Anglicare carried out transactions with other Diocese entities as follows:

	2019 $	2018 $
Fees paid to Anglican Diocesan Services for corporate services and fleet management	5,626,056	5,496,689
Bank charges paid to Anglican Investment & Development Fund	3,764	9,325
Interest received from the Anglican Church Property Trust	586,279	458,476
Loan with Anglican Investment & Development Fund	984,645	-
Interest received on deposits with the Anglican Investment & Development Fund	123,258	96,527
Diocesan Contribution paid to the Anglican Diocese of Canberra & Goulburn	56,375	55,000

NOTE 15: OPERATING LEASE COMMITMENTS

	2019 $	2018 $
Aggregate amounts contracted for at balance date but not recognised as liabilities:		
Not later than one year	657,317	441,342
Later than one year but not later than five years	934,243	923,381
Later than five years	-	-
	1,591,560	**1,364,723**

Operating leases relate principally to properties with lease terms of between 1 and 5 years, with some options to extend for a further 2 to 3 years.

NOTE 16: COMMITMENTS AND CONTINGENCIES

There are no other commitments or contingent liabilities at 30 June 2019 and 30 June 2018.

NOTE 17: EVENTS AFTER THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of Anglicare or the results of those operations in subsequent financial years.