ANGLICARE NSW SOUTH, NSW WEST & ACT

General Purpose – Simplified Disclosures Financial Statements

for the Financial Year Ended

30 June 2022

CONTENTS

REPORT BY MEMBERS OF THE BOARD FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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 2022:

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 2022, 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 (resigned 4 October 2021) (reappointed 11 February 2022)
Ms Jocelyn Martin
Ms Alexandra (Sandy) Spark
Ms Lin Hatfield Dodds (resigned 7 August 2021)
Dr David Wallace
Archdeacon the Ven. Tom Henderson Brooks
Ms Josephine Schumann (appointed 11 February 2022)
The Hon Prof Pru Goward (resigned 27 October 2021)

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 total comprehensive result for the financial year ended 30 June 2022 is $5,673,839 inclusive of the Net Gain on Revaluation of the Investment Property $2,977,572; and $2,600,000 received from the Commonwealth Department of Social Services to purchase properties in order to provide emergency and crisis accommodation.

STATEMENT BY MEMBERS OF THE BOARD FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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 2022 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;

The financial statements are prepared in accordance with Australian Accounting Standards - Simplified Disclosures and other mandatory professional reporting requirements and satisfy the requirements of the *Australian Charities and Not-for-Profits Commission Act 2012*; and the provisions of the *Charitable Fundraising Act 1991 (New South Wales)*.

Signed at Canberra this 1st day of November 2022 in accordance with a resolution of the Board.

Presiding Member

Ms Lynette Glendinning

Deputy Presiding Member

Greg Mills

Ernst & Young
121 Marcus Clarke Street
Canberra ACT 2600 Australia
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Auditor's Independence Declaration to the members of the Board of Anglicare NSW South, NSW West & ACT

In relation to our audit of the financial report of Anglicare NSW South, NSW West & ACT for the financial year ended 30 June 2022, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for-profits Commission Act 2012*, to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of any applicable code of professional conduct; and

b. No non-audit services provided that contravene any applicable code of professional conduct.

Ernst + Young

Ernst & Young

Ben Tansley
Partner
2 November 2022

Statement of Comprehensive Income

For the financial year ended 30 June 2022

	Note	2022 $	2021 $
Revenue from contracts with customers	2	72,820,889	71,038,463
Gain on revaluation of investment property	2	7,424,828	5,394,567
Other income	2	2,453,213	6,076,872
Safe Places capital grant	16	2,600,000	-
Total income		**85,298,930**	**82,509,902**
Operating expenses	3	(31,661,632)	(31,183,218)
Loss on remeasurement of licences to occupy		(4,447,256)	(3,468,650)
Loss on derecognition of assets		-	(5,048,560)
Employee expenses		(43,516,203)	(43,871,660)
Total expenditure		**(79,625,091)**	**(83,572,088)**
Surplus/ (Loss) for the year		**5,673,839**	**(1,062,186)**
Other comprehensive income for the year		**-**	**-**
Total comprehensive income/ (loss) for the year		**5,673,839**	**(1,062,186)**

Statement of Financial Position

As at 30 June 2022

	Note	2022 $	2021 $
Current Assets			
Cash and cash equivalents	5	4,024,615	2,884,091
Trade and other receivables	6	1,585,893	594,244
Financial instruments at fair-value through profit or loss	7	4,386,772	4,943,776
Term deposits		5,034,508	4,986,867
Prepayments		621,830	249,539
Total Current Assets		15,653,618	13,658,517
Non-Current Assets			
Property, plant and equipment	9	3,854,582	1,064,917
Right of use asset	8	1,579,764	1,620,294
Financial instruments at fair-value through profit or loss	10	1,752	1,752
Investment property	11	81,573,662	73,605,000
Total Non Current Assets		87,009,760	76,291,963
Total Assets		**102,663,378**	**89,950,480**
Current Liabilities			
Trade and other payables	12(a)	4,132,108	2,718,783
Grants income in advance		1,834,132	1,365,173
Liability to grant provider		1,303,932	1,243,309
Licences to occupy		55,395,910	50,857,663
Lease liabilities	14(a)	837,044	822,153
Provisions	15(a)	3,756,408	3,676,455
Total Current Liabilities		67,259,534	60,683,536
Non-Current Liabilities			
Trade and other payables	12(b)	195,377	106,738
Interest bearing liabilities	13(b)	500,000	-
Lease liabilities	14(b)	937,166	1,024,805
Provisions	15(b)	790,153	828,092
Total Non-Current Liabilities		2,422,696	1,959,635
Total Liabilities		**69,682,230**	**62,643,171**
Net Assets		**32,981,148**	**27,307,309**
Equity			
Reserves		756,139	580,007
Accumulated funds		32,225,009	26,727,302
Total Equity		**32,981,148**	**27,307,309**

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2022

	Accumulated funds	ACPT Reserve	Fundraising Reserve	Total equity
As at 1 July 2020	25,410,141	2,552,521	405,833	28,368,495
Net (loss) for the year	(1,061,186)	-	-	(1,061,186)
Adjustment for asset de-recognition (Note 15 c)	2,552,521	(2,552,521)	-	-
Transfer to/ (from) reserves	(174,174)	-	174,174	-
Balance as at 30 June 2021	**26,727,302**	**-**	**580,007**	**27,307,309**
Net surplus for the year	5,673,839	-	-	5,673,839
Transfer to/ (from) reserves	(176,132)	-	176,132	-
Balance as at 30 June 2022	**32,225,009**	**-**	**756,139**	**32,981,148**

STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2022

	Note	2022 $	2021 $
Cash flow from operating activities			
Receipts from funders and clients		76,201,579	76,857,259
Payments to suppliers and employees		(73,495,604)	(77,410,408)
Interest received		55,210	97,350
Net cash from/ (used in) operating activities		2,761,185	(455,799)
Cash flow from investing activities			
Purchase of property, plant and equipment		(3,370,469)	(413,679)
Purchase of investment property		(543,834)	(485,433)
Outflows from investments		-	(3,919,447)
Inflows from investments		312,336	-
Receipts for long term maintenance fund		88,639	6,528
Net cash (used in) investing activities		(3,513,328)	(4,812,031)
Cash flow from financing activities			
Receipts from licences to occupy		5,157,760	5,938,700
Payments for licences to occupy		(3,692,345)	(3,230,199)
Outflows from interest bearing liabilities		(72,748)	(780,622)
Inflows from interest bearing liabilities		500,000	-
Net cash from financing activities		1,892,667	1,927,879
Net increase/ (decrease) in cash held		1,140,524	(3,339,951)
Cash at 1 July		2,884,091	6,224,042
Cash at 30 June	5	**4,024,615**	**2,884,091**

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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 2021 to 30 June 2022. The address of its registered office is Level 5 221 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 - Simplified Disclosures and other authoritative pronouncements of the Australian Accounting Standards Board and the *Australian Charities and Not-for-Profits Commission Act 2012*.

Anglicare has adopted AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* in the current year. Other than the change in disclosure requirements, the adoption of AASB 1060 has no significant impact on the financial statements because Anglicare's previous financial statements complied with Australian Accounting Standards – Reduced Disclosure Requirements.

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 are consistent with those of the previous years unless otherwise stated.

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 $51.6m as at 30 June 2022 (2021: $46.2m), the financial report has been prepared on a going concern basis. The members of the board have reviewed Anglicare's financial position and cash flow forecasts for the next twelve months from issuance date of the financial statements, 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)

STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

The net current liability position is predominantly due to the licence to occupy liabilities of $55.4m which are 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. A Retirement Village Fund and Term Deposits are also maintained for liquidity purposes as disclosed at Note 7.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The accounting policies adopted are consistent with those of the previous financial period, there have been no changes to accounting policies during the year.

ACCOUNTING POLICIES

a) Income Tax

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

b) Revenue and other income recognition

(i) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which Anglicare expects to be entitled in exchange for those goods or services. Anglicare has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. Information about Anglicare's performance obligations are summarised below:

Operational Grants

Revenue from operational grants is recognised over-time because Anglicare has determined that sufficiently specific performance obligations within the grant agreements taking into account the nature, cost and quantity of the services as well as the period over which the services must be transferred to a customer. Operational grants include arrangements with State and Federal governments to provide children, youth and family services, housing and homelessness services, and permanency support programs such as foster care and intensive therapeutic care. Where funding is received upfront for future periods or based on a forecast quantity of services and there is a difference in the actual quantities, Anglicare records a contract asset or contract liability on the balance sheet accordingly.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTING POLICIES (CONTINUED)

Client and maintenance fees

Fees for services are recognised at the point-in-time the services are provided to the customer. Client fees include child care fees, National Disability Insurance Scheme (NDIS) client fees and Medicare income related to clients. Maintenance fees related to fees paid by residents of retirement villages for maintenance of the facilities.

Retail sales and training

Revenue from the sale of retail goods are recognised upon the delivery of goods to customers whereas revenue from training is recognised post completion of such services.

(ii) Government grants and contributions

Anglicare generally recognises government grants and subsidies as income as it incurs the expenditure for which the grant or subsidy was provided. Where a liability exists within the arrangement to repay unspent funds, Anglicare recognises a liability to the grant holder on the balance sheet. Where a liability to repay does not exist and there are no sufficiently specific performance obligations identified, for instance in the case of donations, income is recognised upon receipt of the cash.

(iii) Interest and other income

Interest income is recognised using the effective interest rate method.

Donations are recognised when received.

Jobkeeper revenue recognised monthly, as eligibility requirements are met for funding.

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).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTING POLICIES (CONTINUED)

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 property, plant & equipment 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
Buildings	50 years
Plant and equipment	5 to 20 years
Fixtures, fittings & furniture	10 years
Computer equipment	3 to 4 years

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTING POLICIES (CONTINUED)

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 for and are recorded as assets within the financial statements.

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 for their long term organisational purpose and are recorded in Anglicare's financial statements at fair value based on annual valuations by external independent valuers (See Note 10).

e) Leases

Anglicare assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Anglicare as a lessee

Anglicare applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. Anglicare recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

Anglicare recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Leases (continued)

ii) Lease liabilities

At the commencement date of the lease, Anglicare recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by Anglicare and payments of penalties for terminating the lease, if the lease term reflects Anglicare exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, Anglicare uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Anglicare’s lease liabilities are included in interest bearing liabilities (see Note 13).

iii) Short-term leases and leases of low-value assets

Anglicare applies the short-term lease recognition exemption to its short-term leases of equipment and residential property leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Anglicare as a lessor

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 over this term. Anglicare accounts for this in essence as lease income.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Financial Instruments (continued)

i) Financial assets (continued)

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. 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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Financial Instruments (continued)

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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Significant Accounting Judgements, Estimates and Assumptions (continued)

For investment properties, a valuation methodology based on comparable market data was used by the external independent valuers (See Note 11).

l) Reserves

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

	2022	2021
Revenue	**$**	**$**
Early childhood education and disability client fees	10,919,377	12,522,102
Non placement service support (NPSS)	30,287	999,138
Medicare income	131,292	85,857
Maintenance fees	906,884	849,640
Operational grants	54,308,164	52,074,347
Out of Home Care Exception Support	5,803,586	3,553,089
Retail and training sales	721,299	954,290
Total revenue	**72,820,889**	**71,038,463**
Gain on revaluation of investment property	7,424,828	5,394,567
Total gain on revaluation of investment property	**7,424,828**	**5,394,567**
Other income		
Interest received	55,210	97,350
Retirement Village Trust Movement	197,027	624,625
Lease income: Deferred management fees	1,393,003	1,507,475
Other grants	10,000	28,811
Jobkeeper subsidy	-	2,987,571
Appeals and donations	591,895	632,660
Other	206,078	198,380
Total other income	**2,453,213**	**6,076,872**
Total revenue and other income	**82,698,930**	**82,509,902**

NOTE 3: OPERATING EXPENSES

	2022 $	2021 $
Advertising	55,367	72,331
Audit remuneration	107,600	119,345
Cleaning and laundry	427,724	498,815
Client brokerage	6,149,816	6,576,765
Conferences, travel and training	1,365,146	1,438,838
Contractors, consultants and corporate expenses	7,994,798	7,555,086
Covid-19 medical supplies expense	238,888	-
Depreciation	580,804	448,856
Foster care	5,985,004	6,572,556
Insurance	1,457,354	1,276,047
Lease amortisation	1,076,789	972,346
Loss on revaluation of ACPT Trust	397,032	-
Minor replacements	289,251	339,391
Motor vehicle expenses	431,960	424,239
Postage, printing and photocopy	365,358	431,055
Professional fees	250,059	307,585
Public relations	79,131	52,518
Repairs and maintenance	649,739	601,746
Short-term lease rental	2,677,665	2,542,235
Utilities	785,769	804,751
Other expenses	296,378	148,713
Total operating expenses	**31,661,632**	**31,183,218**

NOTE 4: EMPLOYEE EXPENSES

Salaries and wages	39,708,170	40,153,274
Superannuation	3,459,374	3,369,711
Other staff expenses	348,659	348,675
Total employee expenses	**43,516,203**	**43,871,660**

NOTE 5: CASH AND CASH EQUIVALENTS

Cash on hand	31,301	32,376
Cash at bank	1,103,214	983,285
Deposits at call	2,890,100	1,868,430
Total cash and cash equivalents	**4,024,615**	**2,884,091**

NOTE 6: TRADE AND OTHER RECEIVABLES

Trade and other debtors	1,769,442	908,404
Expected credit loss provision	(386,802)	(470,936)
Accrued income	203,253	156,776
Total trade and other receivables	**1,585,893**	**594,244**

NOTE 7: OTHER FINANCIAL ASSETS

Anglicare Retirement Village Fund (1)	4,386,772	4,943,776
Total Other Financial Assets	**4,386,772**	**4,943,776**

(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.

NOTE 8: LEASES

Anglicare as a lessee

Anglicare holds office lease rentals between 2 and 10 year terms. Anglicare has elected to show short term and low value leases at cost including peppercorn leases. Management have assessed the market value of the peppercorn lease at Calwell early childhood centre at $17,343 p.a.

Set out below are the carrying amount of right of use assets and movements during the period:

	Office leases
	$
As at 1 July 2021	1,620,294
Additions	929,582
Depreciation expense	(970,112)
As at 30 June 2022	**1,579,764**

	2022	2021
	$	$
a) Current right of use asset	-	-
b) Non-current right of use asset	1,579,764	1,620,294
Total right of use asset	**1,579,764**	**1,620,294**

Set out below are the carrying amount of lease liabilities (included under interest-bearing liabilities) and movements during the period:

	Rental lease liabilities
	$
As at 1 July 2021	1,846,958
Additions	929,582
Accretion of interest	106,677
Payments	(1,109,006)
As at 30 June 2022	**1,774,210**

	2022	2021
	$	$
a) Current lease liability	837,044	822,153
b) Non-current lease liability	937,166	1,024,805
Total lease liability	**1,774,210**	**1,846,958**

NOTE 9: PROPERTY, PLANT AND EQUIPMENT – AT COST

	2022 $	2021 $
Land and buildings - at cost	4,088,271	1,215,544
Less accumulated depreciation	(465,207)	(420,407)
	3,623,064	795,137
Plant and equipment - at cost	1,085,834	1,013,984
Less accumulated depreciation	(1,026,085)	(946,561)
	59,749	67,423
Motor vehicles - at cost	2,273	2,273
Less accumulated depreciation	(2,273)	(1,892)
	-	381
Fixtures, fittings & furniture - at cost	2,011,441	1,847,640
Less accumulated depreciation	(1,866,683)	(1,671,462)
	144,758	176,178
Landscaping - at cost	165,819	165,819
Less accumulated depreciation	(157,712)	(157,542)
	8,107	8,277
Computer equipment - at cost	1,874,053	1,619,963
Less accumulated depreciation	(1,858,825)	(1,606,512)
	15,228	13,451
Fire & protection - at cost	35,797	35,797
Less accumulated depreciation	(32,121)	(31,727)
	3,676	4,070
Total property, plant and equipment	**3,854,582**	**1,064,917**

NOTE 9: 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 2021	795,136	67,424	381	176,179	8,278	13,448	4,071	1,064,917
Additions	2,872,728	79,849	-	163,800	-	254,092	-	3,370,469
Depreciation Expense	(44,800)	(87,524)	(381)	(195,221)	(171)	(252,312)	(395)	(580,804)
Carrying amount at 30 June 2022	**3,623,064**	**59,749**	-	**144,758**	**8,107**	**15,228**	**3,676**	**3,854,582**

NOTE 10: ACPT FUNDS

	2022 $	2021 $
Trust funds held by the ACPT	**1,752**	**1,752**

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 11: INVESTMENT PROPERTY

(a) Fair value		
Investment Property	81,518,484	73,605,000
	81,518,484	**73,605,000**
(b) Movements in fair values		
Investment Property		
Balance at the beginning of the year	73,605,000	67,725,000
Additions	488,656	485,433
Gain on revaluation	7,424,828	5,394,567
Balance at end of the year	**81,518,484**	**73,605,000**
Work In Progress		
Balance at the beginning of the year	-	-
Additions	55,178	-
Transfer to investment property on completion	-	-
Balance at end of the year	**55,178**	**-**
Total balance at end of the year	**81,573,662**	**73,605,000**

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 2022, 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 12: TRADE AND OTHER PAYABLES

		2022	2021
		$	$
Current			
Waiting list deposits		13,600	13,400
Creditors and accruals		4,118,508	2,705,383
(a) Total current trade and other payables		**4,132,108**	**2,718,783**
Non current			
Other long term payables (i)		195,377	106,738
(b) Total non current trade and other payables		**195,377**	**106,738**

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

NOTE 13: INTEREST BEARING LIABILITIES

Current			
(a) Total current interest bearing liabilities		**-**	**-**
Non current			
Wollondilly Gardens development loan facility		500,000	-
(b) Total non current interest bearing liabilities		**500,000**	**-**

Anglicare has overdraft facilities totalling $1,150,000.

NOTE 14: LEASE LIABILITIES

Current			
Rental lease liabilities	8	837,044	822,153
(a) Total current leaase liabilities		**837,044**	**822,153**
Non current			
Rental lease liabilities	8	937,166	1,024,805
(b) Total non current lease liabilities		**937,166**	**1,024,805**

NOTE 15: PROVISIONS

Current			
Provision for annual leave		2,738,968	2,583,521
Provision for long service leave		988,005	1,063,499
Provision for aged care costs		29,435	29,435
(a) Total current provisions		**3,756,408**	**3,676,455**
Non current			
Provision for long service leave		790,153	828,092
(b) Total non current provisions		**790,153**	**828,092**

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 16: RELATED PARTY TRANSACTIONS

(a) 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 2022 and 2021 financial years.

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

	2022 $	2021 $
Key management personnel compensation	1,419,465	1,301,179

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.

(b) 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:

	2022 $	2021 $
Fees paid to Anglican Diocesan Services for corporate services and fleet management	6,097,892	6,039,074
Bank charges paid to Anglican Investment & Development Fund	-	40
Interest received from the Anglican Church Property Trust	200,005	624,625
Loan from Anglican Investment & Development Fund	500,000	-
Parish op shop income	55,406	53,997
Rents paid to Parishes and Anglican schools	319,071	268,116
Interest received on deposits with the Anglican Investment & Development Fund	55,994	96,999
Diocesan Contribution paid to the Anglican Diocese of Canberra & Goulburn	80,000	75,000

NOTE 17: COMMITMENTS AND CONTINGENCIES

There are no commitments or contingent liabilities at 30 June 2022.

NOTE 18: EVENTS AFTER THE REPORTING PERIOD

Subsequent to 30 June 2022, Anglicare received written confirmation from the NSW Government that the public liability insurance cover, provided by the NSW Government, has been extended to 31 December 2023.

No other 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.

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Independent Auditor's Report to the members of Anglicare NSW South, NSW West and ACT

Report on the financial report

Opinion

We have audited the financial report of Anglicare NSW South, NSW West and ACT (the Entity), which comprises the statement of financial position as at 30 June 2022, 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 2022 and of its financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards – Simplified Disclosures 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 (including Independence Standards)* (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 members are responsible for the other information. The other information is the Report by Members of the Board accompanying the financial report.

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.

Responsibilities of the directors for the financial report

The directors of the Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the directors 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 directors are 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 directors 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 directors.

- Conclude on the appropriateness of the directors' 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.

We communicate with the directors 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
2 November 2022