

**FINANCIAL
STATEMENTS**
2021

Contents

30 June 2021

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Registered address

The registered address and principal office of UnitingCare Queensland is:
Level 5, 192 Ann Street, Brisbane, Queensland 4000

UnitingCare Queensland
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

		2021	2020
	Note	\$'000	Restated ² \$'000
Income			
Revenue from contracts with clients	B1	1,666,498	1,627,086
Other income	B1	122,401	138,255
Total revenue		1,788,899	1,765,341
Share of surplus/(deficit) in joint ventures	F2	601	1,370
Change in fair value of investment properties	C3	1,868	(10,161)
Expenses			
Salaries and employee expenses		(1,078,260)	(1,057,452)
Supplies and services expenses ²	B2	(331,752)	(317,961)
Depreciation and amortisation expenses		(111,935)	(116,023)
Property expenses	B2	(118,756)	(130,541)
Other expenses ²	B2	(83,140)	(99,122)
Finance costs	B2	(3,547)	(5,812)
Total expenses		(1,727,390)	(1,726,911)
Surplus for the year		63,978	29,639
Other comprehensive income/(loss)			
<i>Items that will not be reclassified to profit or loss</i>			
Gains/(losses) on equity instruments measured at FVOCI ¹	D1	4,452	(711)
<i>Items that will subsequently be reclassified to profit or loss</i>			
Gains/(losses) on debt instruments measured at FVOCI ¹	D1	109	(71)
Other comprehensive income/(loss) for the year		4,561	(782)
Total comprehensive income for the year		68,539	28,857

¹ Fair value through other comprehensive income (FVOCI).

² The comparative information related to supplies and services expenses and other expenses has been restated on account of a change in classification, refer to A2.6 for further information.

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

UnitingCare Queensland
Consolidated Statement of financial position
As at 30 June 2021

		2021	2020
	Note	\$'000	\$'000
Current assets			
Cash and cash equivalents	B3	566,265	455,508
Trade and other receivables	C1.1	145,302	78,360
Financial assets	D1	33,740	22,267
Inventories	C1.2	20,584	14,270
Other current assets	C1.3	24,304	45,709
Assets classified as held for sale		315	1,386
Total current assets		790,510	617,500
Non-current assets			
Interests in other entities	F2	-	-
Property plant and equipment	C2	1,000,181	1,018,316
Investment properties	C3	583,610	575,694
Intangible assets	C4	39,504	50,343
Other assets	C1.3	2,305	2,299
Total non-current assets		1,625,600	1,646,652
TOTAL ASSETS		2,416,110	2,264,152
Current liabilities			
Trade and other payables	C1.4	190,650	134,445
Ingoing contributions, RADs and accommodation bonds	C1.5	805,632	775,537
Borrowings	D2	11,681	13,791
Employee benefits	E1	168,268	157,107
Other liabilities	C1.6	131,927	138,695
Other provisions		4,641	3,316
Total current liabilities		1,312,799	1,222,891
Non-current liabilities			
Trade and other payables	C1.4	5,837	5,307
Borrowings	D2	30,247	38,746
Employee benefits	E1	18,875	18,506
Other liabilities	C1.6	41,395	42,261
Other provisions		9,840	7,863
Total non-current liabilities		106,194	112,683
TOTAL LIABILITIES		1,418,993	1,335,574
NET ASSETS		997,117	928,578
Equity			
Contributed funds		5,234	5,234
Properties revaluation reserve		23,689	23,689
Financial assets at FVOCI reserve		3,779	(782)
Accumulated funds		964,415	900,437
TOTAL EQUITY		997,117	928,578

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

UnitingCare Queensland
Consolidated statement of changes in funds
For the year ended 30 June 2021

		Contributed funds	Property Revaluation Reserve	FVOCI Reserve	Accumulated funds	Total equity
	Note	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2019		5,234	23,689	-	870,798	899,721
Surplus for the year		-	-	-	29,639	29,639
Other comprehensive loss	D1	-	-	(782)	-	(782)
Balance at 30 June 2020		5,234	23,689	(782)	900,437	928,578
Balance at 1 July 2020		5,234	23,689	(782)	900,437	928,578
Surplus for the year		-	-	-	63,978	63,978
Other comprehensive income	D1	-	-	4,561	-	4,561
Balance at 30 June 2021		5,234	23,689	3,779	964,415	997,117

The above consolidated statement of changes in funds should be read in conjunction with the accompanying notes.

UnitingCare Queensland
Consolidated statement of cash flows
For the year ended 30 June 2021

		2021	2020
	Note	\$'000	\$'000
Cash flows from operating activities			
Receipts from clients, funding and others		1,714,058	1,802,851
Payments to suppliers and employees		(1,560,035)	(1,645,970)
Interest received		2,329	5,377
Interest paid		(2,643)	(4,834)
Net cash inflow from operating activities	B3	153,709	157,424
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		9,705	17,840
Proceeds from capital grants		12,315	11,438
Payments for property, plant and equipment		(85,005)	(55,445)
Payments for intangible assets		(15)	(30,956)
Dividends received from joint venture	F2	-	6,757
Dividends received from investments in financial assets	D1	329	284
Proceeds from sale of business		2,941	25,289
Payments for investment properties	C3	(6,048)	(11,011)
Payments for purchases of financial assets		(8,698)	(23,090)
Proceeds from sales of financial assets		2,030	-
Loans advanced to joint ventures		-	(1,250)
Repayment of loans by joint ventures		1,250	859
Net cash outflow from investing activities		(71,196)	(59,285)
Cash flows from financing activities			
Net proceeds from ingoing contributions and accommodation bonds	D2.1	42,959	33,899
Repayment of lease liabilities	D2.1	(14,715)	(16,198)
Repayment of borrowings	D2.1	-	(6,000)
Net cash inflow from financing activities		28,244	11,701
Net increase in cash and cash equivalents		110,757	109,840
Cash and cash equivalents at beginning of year		455,508	345,668
Cash and cash equivalents at end of year	B3	566,265	455,508

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

UnitingCare Queensland

Notes to the consolidated financial statements

For the year ended 30 June 2021

A About us

A1 Our organisation

These consolidated financial statements comprise UnitingCare Queensland and its controlled entities (the Group). The Group is an unincorporated not for profit organisation established by the Uniting Church in Australia Queensland Synod. The Uniting Church in Australia Queensland Synod has appointed the Board of UnitingCare Queensland to govern its activities. Legal title to all property beneficially utilised in the services provided by the Group is held in trust by the Uniting Church in Australia Property Trust (Q.), (the Property Trust), a body incorporated by statute and domiciled in Australia, or Australian Regional and Remote Community Services Limited (ARRCS).

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

UnitingCare Queensland is domiciled in Australia.

A2 Our Financial Statements – basis of preparation

A2.1 Statement of Compliance

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

The consolidated financial statements were authorised for issue by the Board of Directors on 25 October 2021.

A2.2 Basis of Measurement

The consolidated financial statements have been prepared on an accruals basis and are based on historical cost, except for investment properties and financial assets which are measured at fair value.

A2.3 Functional and Presentation Currency

The consolidated financial statements are presented in Australian dollars, which is the Group's functional currency and have been rounded to the nearest thousand dollars, unless otherwise stated.

A2.4 Use of Estimates and Judgements

In preparing these consolidated financial statements, the Board and management have made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about underlying assumptions and estimation uncertainties are included in the following notes:

Key Estimates and judgements

Deferred management fees	B1
Expected credit losses	C1.1
Refundable accommodation deposits	C1.5
Property, plant and equipment useful lives	C2
Classification of investment properties	C3
Fair value estimate of investment properties	C3
Annual and long service leave assumptions	E1

UnitingCare Queensland
Notes to the consolidated financial statements
For the year ended 30 June 2021

A2 Our Financial Statements – basis of preparation (continued)

A2.5 Comparatives

Where applicable, various comparative balances have been reclassified to align with current period presentation. Other than those identified in A2.6 below, these have not had a material impact on the consolidated financial statements.

A2.6 Reclassification in the year ended 30 June 2021

During 2021, the Group reclassified other consulting expenses related to medical contractors and Breast Clinic services and client expenses related to community client programs, to patient supplies and services and other supplies and services expenses respectively. This, and other non-material reclassifications were performed to more appropriately reflect the expenditure of the Group. Comparative amounts in the consolidated statement of profit or loss and other comprehensive income and note B2 were reclassified for consistency. The relevant comparative reclassified amounts are as follows:

	2020	Reclassification	2020 Restated
	\$'000	\$'000	\$'000
Supplies and services expenses			
Patient services and supplies	200,038	23,123	223,161
Resident services and supplies	49,205	14,482	63,687
Cleaning and housekeeping	21,347	(5)	21,342
Other supplies and services	3,925	5,846	9,771
Total supplies and services expenses	274,515	43,446	317,961
Other expenses			
Consulting and professional fees	89,121	(37,606)	51,515
Client expenses	5,840	(5,840)	-
Total other expenses	94,961	(43,446)	51,515

A2.7 Going Concern

The consolidated financial statements include the assumption that the Group will continue to operate as a going concern. The following considerations have been taken into account when making this assumption.

Net current asset deficiency

The Group has a net current asset deficiency of \$522,289,000 (2020: \$605,391,000), a significant portion of which is ongoing contributions, refundable accommodation deposits (RADs) and accommodation bonds of \$805,632,000 (2020: \$775,537,000), which are disclosed as a current liability. Current liability classification notwithstanding, the Group expects that, of the total ongoing contributions, RADs and accommodation bonds disclosed as a current liability, \$669,303,000 (2020: \$638,716,000) will not be repaid within 12 months (refer C1.5). Furthermore, the repayment of any ongoing contributions, RADs and accommodation bonds will be offset by incoming ongoing contributions, RADs and accommodation bonds. Additionally, of the total current employee benefits disclosed, \$50,232,000 (2020: \$45,931,000) are expected to be settled after 12 months (refer E1). The Group's adjusted net current asset position is reflected as follows:

	2021	2020
	\$'000	\$'000
Net current asset deficiency	(522,289)	(605,391)
<i>Add back:</i> Ongoing contributions and accommodation bonds not expected to be repaid within 12 months	669,303	638,716
<i>Add back:</i> Ongoing contributions and accommodation bonds expected to be repaid within 12 months and replaced by new ongoing contributions and accommodation bonds	136,329	136,821
<i>Add back:</i> Current employee benefits not expected to be settled within 12 months	50,232	45,931
Total adjusted net current asset position	333,575	216,077

UnitingCare Queensland
Notes to the consolidated financial statements
For the year ended 30 June 2021

A2 Our Financial Statements – basis of preparation (continued)

A2.7 Going Concern (continued)

Cyber Incident

On 25 April 2021, the Group was impacted by a cyber-incident; which took several of the Group's Digital and Technology systems offline.

As soon as the Group became aware of the incident, leading external technical and forensic advisors were engaged. The Australian Cyber Security Centre were also immediately advised, together with other regulators.

Manual contingency processes were put in place to ensure our employees were paid and that our critical services to the community continued to be delivered in our residential aged care facilities, family and disability services, and four hospitals.

By early June 2021, the Group had restored key corporate systems, as well as reinstated the majority of the integrations between the applications supporting the Group's business processes. At the date of approval of the consolidated financial statements, the Group's systems have been completely reinstated.

The Group continues to partner with third-party incident response and threat eradication specialists to ensure integrity across our digital environment, and rigorous measures have been taken to identify, contain and eradicate any threats possible.

In addition, improved security controls have been introduced across the Group's digital environment, including increased process controls and a market-leading endpoint detect-and-response solution to provide ongoing protection.

The Group continues to work closely with external technical and forensic advisors and the Australian Cyber Security Centre to respond to the incident. External legal advisors have also been instructed to assist with responding to the incident from a privacy perspective. Based on the Group's assessment to date, there is no evidence that the health and safety of patients, residents or clients had been in any way compromised as a result of this incident.

Due to the incident and the impact on the Group's key corporate systems, trade receivables, trade payables and accrued expenses are materially higher than at 30 June 2020.

As systems were reinstated, the Group worked through the backlog of billing and accounts payable activity for the period that the systems were unavailable. Where the Group was unable to process these items, accruals were raised to reflect the provision or purchase of goods or services within the financial year ended 30 June 2021 as required by accrual accounting. The Group does not anticipate these balances will be maintained at this higher level.

In addition, the Group is undergoing an assessment of the costs incurred in relation to containment, compliance and recovery related to the cyber event. The associated amounts remain under investigation and cost recovery is not virtually certain. As a result, no cost recovery amounts have been recognised in relation to the incident in the financial year ended 30 June 2021.

A2.8 Economic Dependency

The Group is dependent on both State and Commonwealth Government funded services to fund its operations. The continued support and funding of community care and aged care program facilities by the Federal Government is subject to regular reviews and accreditation requirements. Refer to section G7.1 for information relating to government-related funding.

The impact of COVID-19 on the Group is disclosed in note A2.9.

A2.9 Impact of COVID-19 on the Group

On 18 March 2020, the World Health Organisation declared COVID-19 a global pandemic. The virus is highly contagious however a vaccination programme has been initiated with significant portions of high-risk residential aged care residents receiving a full course of vaccinations.

Management notes the risk in particular to residents of residential aged care homes, which is a primary source of revenue, also noting that the operations of the Group are located in Queensland and the Northern Territory, which have experienced low rates of infection. The Group has undertaken significant preparedness and scenario planning activities to ensure we are as prepared as possible for any transmission of the virus to any clients, employees or volunteers.

UnitingCare Queensland
Notes to the consolidated financial statements
For the year ended 30 June 2021

A2 Our Financial Statements – basis of preparation (continued)

A2.9 Impact of COVID-19 on the Group (continued)

The Group is supported by a centrally dedicated COVID-19 Crisis Management and Operations Team which remains in regular contact with public health agencies to ensure its response is in line with State, Territory and Federal Government directions. There are no confirmed or suspected cases of COVID-19 in any of the Group's sites at the date of this report.

On 30 March 2020, the Federal Government announced the introduction of the JobKeeper payment, a financial support package provided to entities impacted by COVID-19. It was designed to assist in preserving jobs by enabling employers to continue paying their employees, whether they were able to work or not under restrictions related to the COVID-19 response.

The Group met the JobKeeper payment eligibility criteria. JobKeeper income enabled the Group to continue operating and retain employees who serve some of the most vulnerable people in our community.

The Group participated in the initial stage of the JobKeeper payment and did not continue to claim under subsequent extensions of the programme.

A2.10 Goods and Services Tax (GST)

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the consolidated statement of financial position. Cash flows are presented in the consolidated statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows within the receipts from clients, funding and others and payments to suppliers and employees.

A2.11 Income Taxes

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

A2.12 Basis of consolidation

(a) Controlled entities

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The consolidated financial statements incorporate the financial statements of the entities controlled by the Group.

The Group controls the following not-for-profit entities by virtue of its governance oversight vested in the Board by the Uniting Church in Australia - Queensland Synod By-laws (section 3.1.1.1):

- UnitingCare Queensland* (ABN 45 414 098 573);
- UnitingCare Community* (ABN 28 728 322 186);
- Blue Care* (NAPS ID 314) (ABN 96 010 643 909);
- UnitingCare Health* (ABN 87 842 457 440); and
- ARRCs (NAPS ID 6871) (ABN 88 167 926 132).

** These organisations report to the Australian Charities and Not-for-profits Commission (ACNC) on a group reporting basis, known as the UnitingCare QLD_ACNC Group, refer to G7.*

All of the above entities are endorsed as deductible gift recipients.

(b) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

UnitingCare Queensland
Notes to the consolidated financial statements
For the year ended 30 June 2021

B Our performance

This section highlights the key drivers of the Group's operations, including revenue, expenses and operating cash flows. During the current and previous year, specific revenue and income was received as a result of COVID-19 and its impact on the Group's operations.

B1 Revenue and other income

	2021	2020
	\$'000	\$'000
Revenue from contracts with clients		
Aged care and community services	696,668	666,821
Hospital patient services	530,166	495,988
Family services (grant funded programs)	105,805	118,466
Recoverable revenue (prosthesis)	116,150	114,324
National Disability Insurance Scheme (NDIS) services	87,774	90,538
Lifeline sales	52,461	43,332
Daily accommodation payments (DAP)	49,057	47,885
Deferred management fees (DMF)	13,697	13,328
Hospital viability subsidy	6,842	27,986
Other hospital revenue	6,310	5,941
Bequests (with performance obligations)	1,315	2,059
Other revenue	253	418
Total revenue from contracts with clients	1,666,498	1,627,086
Other income		
Other not-for-profit income		
JobKeeper subsidy	84,832	74,443
Capital grants	5,227	2,827
Fundraising and donations	2,645	3,440
Bequests	489	746
Lessor income		
Other lessor income	18,730	18,800
Gain on sale of assets		
Gain on sale of property, plant and equipment	4,170	5,645
Gain on sale of business	45	23,960
Fair value movements		
Fair value gain on resident loans	192	229
Other income		
Investment income	482	284
Other income	3,077	2,504
Interest income		
Uniting Church Investment Services (UCIS)	1,491	3,816
Other interest	1,021	1,561
Total other income	122,401	138,255

Key Estimates and judgements

Deferred management fees	A significant source of estimation for the recognition of deferred management fees is the calculation of the expected resident occupancy period. This is calculated with reference to the Australian Bureau of Statistics Life tables and historical resident occupancy trends.
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UnitingCare Queensland
Notes to the consolidated financial statements
For the year ended 30 June 2021

B1 Revenue and other income (continued)

Significant accounting policies

(a) Revenue from contracts with clients

Revenue is measured based on the consideration specified in a contract with a client. The Group recognises revenue when it transfers control over a good or service to a client.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with clients, including significant payment terms, and the related revenue recognition policies.

Where an agreement is enforceable and contains sufficiently specific performance obligations for the Group to transfer goods or services to a third-party, the transaction is accounted for under AASB 15. Otherwise, the grant is accounted for under AASB 1058 *Income from Not-for-Profit Entities* (AASB 1058), whereby revenue is recognised upon receipt, except for certain capital grants noted below.

Type of good or service	Revenue recognition policies including nature and timing of satisfaction of performance obligations and significant payment terms
Aged care and community services	<p>This revenue stream includes revenue derived from Commonwealth Home Support Packages, Home Care Packages, Aged Care Financial Instrument basic daily fees, aged care supplements and client fees for services relating to aged care and community services.</p> <p>Performance obligations are deemed to be the delivery of the services relevant to the above programs. Services are provided primarily on a daily or monthly basis.</p> <p>Revenue is recognised over time when the services are performed and delivered.</p>
Hospital patient services	<p>Performance obligations are deemed to be the delivery of the hospital patient services. Services are provided daily.</p> <p>Revenue is recognised daily as services are provided to hospital patients.</p> <p>A contract receivable representing the Group's right to consideration for services delivered but not yet invoiced is also recognised, refer C1.1.</p>
Family services (grant funded programs)	<p>Grants are received for the funding of family services programs. Where these specify certain specific performance obligations, the Group recognises revenue from services over time as performance obligations are satisfied. Such services are primarily provided on a daily or monthly basis.</p> <p>Any unused funds are to be returned to the funder unless otherwise agreed, and an associated grant funding liability is recognised, refer C1.6.</p> <p>Cyclic and annual acquittals are required to be submitted to the funder for the majority of funded programs, in addition to output-based performance reporting. Funding is generally received quarterly or biannually in advance.</p> <p>Grants that do not have sufficiently specific performance obligations are recognised as income when a financial asset can be recognised under AASB 9 <i>Financial Instruments</i>.</p>
Recoverable revenue (prosthesis)	<p>The Group performs medical procedures that require prosthesis. Performance obligations for prosthesis revenue are deemed to be the delivery of the contracted prosthesis.</p> <p>The Group is considered the principal in these transactions and therefore recognises revenue on a gross basis.</p> <p>Revenue is recognised on delivery of the goods to the patient.</p>
NDIS services	<p>The Group provides services to clients under the National Disability Insurance Scheme as identified in individual contracts. After the provision of the agreed services, the Group may submit a claim through the National Disability Insurance Agency or invoice a client directly for recoupment of revenue for the service.</p> <p>The Group recognises revenue from services over time as performance obligations are satisfied, which is as the services are rendered, primarily on a daily or a monthly basis.</p> <p>There are no related unused funds as claims or invoices for payment are submitted after services are provided.</p>

UnitingCare Queensland
Notes to the consolidated financial statements
For the year ended 30 June 2021

B1 Revenue and other income (continued)

Significant accounting policies (continued)

Type of good or service	Revenue recognition policies including nature and timing of satisfaction of performance obligations and significant payment terms
Lifeline sales	<p>The Group sells new and second-hand goods at its network of Lifeline stores, including online. Goods sold come with a 7-day right of return.</p> <p>Revenue is recognised on delivery of the goods to the client.</p> <p>Historically, the amount of returns has not been material. As such, the full selling price is recognised as revenue.</p>
Daily Accommodation Payments (DAPs)	<p>The Group has assessed its resident agreements relating to residential aged care accommodation arrangements to be leases under AASB 16 Leases (AASB 16) due to the security of tenure that these offer to its residents.</p> <p>The resident agreement only requires 14 days written notice to vacate. For arrangements where residents have elected to pay a DAP, the associated lessor revenue is accounted for under AASB 16.</p> <p>Where residents have chosen to pay an accommodation bond (refer C1.5), the Group receives a financing benefit in the form of an interest free loan. The interest expense associated with this financing benefit is not material and the Group has elected not recognise the interest expense and corresponding income associated with the accommodation bonds.</p>
Deferred management fees (DMFs)	DMFs are amounts retained as income from ingoing contributions and accommodation bonds and are recognised over the expected period of resident occupancy in line with AASB 16.

(b) Other not-for-profit income

The Group is the recipient of income that is accounted for in accordance with AASB 1058, which covers transactions where the consideration to acquire an asset is significantly less than fair value principally to enable the Group to further its objectives. This includes the following:

(i) JobKeeper

The Group accounts for amounts received from the Australian Taxation Office in the form of the JobKeeper program as income, separate from the related employee expense and there is no accounting policy choice to net the JobKeeper payment with the related employee expense.

(ii) Capital grants

AASB 1058 prescribes specific accounting requirements for capital grants. The following criteria must be met for a capital grant to be recorded:

- The Group must use the financial asset to acquire or construct an identified non-financial asset;
- The Group will control the asset post acquisition or construction (i.e. no requirement to transfer asset back to transferor or other parties); and
- The arrangement must occur under an enforceable agreement.

The Group recognises a construction obligation liability when funding is received for the construction of an asset, and subsequently recognised progressively as revenue as the Group satisfies its obligations under the grant through construction of the asset. Refer to note C1.6 for construction obligation liabilities recognised relating to incomplete performance obligations at the end of the period.

(iii) Fundraising, donations and bequests

Income is recognised when received, unless it is required to be accounted for under AASB 15, in which case it is deferred until the relevant performance obligations have been satisfied.

(iv) Volunteering

The Group has elected not to recognise the receipt of volunteer services as income, asset or expense as the fair value of the services cannot be measured reliably.

UnitingCare Queensland
Notes to the consolidated financial statements
For the year ended 30 June 2021

B1 Revenue and other income (continued)

Significant accounting policies (continued)

(c) Interest Income

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

(d) Lessor income

Other lessor income includes hospital car park and accommodation income and is for operating leases recognised on a straight-line basis over the lease term in accordance with AASB 16.

B2 Expenses

	2021	2020
	\$'000	Restated ¹ \$'000
Supplies and services expenses		
Patient services and supplies	226,626	223,161
Resident services and supplies	72,332	63,687
Cleaning and housekeeping	20,735	21,342
Other supplies and services	12,059	9,771
Total supplies and services expenses	331,752	317,961
Property expenses		
Repairs and maintenance expense	47,114	49,050
Communications and utilities expense	29,802	30,264
Motor vehicle expense	13,457	14,997
Rates and taxes	9,321	8,510
Property insurance	6,054	5,961
Rental expense	7,069	6,298
Other property expense	4,163	4,466
Impairment expense	1,776	10,995
Total property expenses	118,756	130,541
Other expenses		
Consulting and professional fees	41,547	51,515
Business expenses	14,644	20,065
Administrative and other expenses	17,802	18,395
Stewardship expenses	9,147	9,147
Total other expenses	83,140	99,122
Finance expenses		
Interest expense	2,643	4,834
Bank charges and fees	904	978
Finance costs	3,547	5,812

¹ The comparative information related to supplies and services expenses and other expenses has been restated on account of a change in classification, refer to A2.6 for further information.

UnitingCare Queensland
Notes to the consolidated financial statements
For the year ended 30 June 2021

B2 Expenses (continued)

The Group's major categories of expenses have been disclosed above. We note that:

- Supplies and services expenses include the cost of goods sold and costs incurred in delivering services to patients and residents;
- Property expenses comprise all costs associated with the ownership and maintenance of the Group's property, plant and equipment. Refer to C2 for consideration of capitalisation of repairs and maintenance expenses;
- Other expenses include external contractors, consulting and professional fees, stewardship and general business and administrative expenses.
- Finance costs comprise interest expense on lease liabilities recognised using the effective interest method and bank fees.

B3 Cash and cash equivalents

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

	2021	2020
	\$'000	\$'000
Cash on hand	161	200
Cash at bank	228,538	179,892
Deposits – UCIS	292,566	275,416
Deposits - other	45,000	-
Total cash and cash equivalents	566,265	455,508
Restricted balances included within cash and cash equivalents		
Grant agreements and donations	9,013	8,499
<i>Funds held in Trust under Retirement Villages Act 1999:</i>		
Capital Replacement Funds	4,077	4,210
Maintenance Reserve Funds	5,801	5,113
General Services Funds	2,017	879
Total restricted balances	20,908	18,701

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

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B3 Cash and cash equivalents (continued)

Reconciliation of surplus to net cash inflow from operating activities

	2021	2020
	\$'000	\$'000
Surplus for the year	63,978	29,639
Depreciation and amortisation expense	111,935	116,023
Capital grants from government	(5,227)	(2,827)
Write-offs and impairment expense	1,776	10,995
Gain on sale of property, plant and equipment	(4,170)	(5,645)
Gain on sale of business	(45)	(23,960)
Change in fair value of resident loans	(192)	(229)
Deferred management fee revenue and retentions	(13,697)	(13,328)
Share of profit in joint ventures	(601)	(1,370)
Change in fair value of investment properties	(1,868)	10,161
Fair value movements on financial assets at Fair Value through Profit or Loss (FVTPL)	(286)	41
Investment income	(329)	(284)
Non-cash transactions included in the surplus for the year	(1,825)	1,869
Change in operating assets and liabilities:		
(Increase)/Decrease in trade and other receivables	(66,942)	10,431
Increase in prepayments	(1,280)	(1,025)
Increase in inventories	(6,314)	(1,390)
Decrease/(Increase) in other assets	20,534	(20,368)
Decrease in trade and other payables	56,206	5,181
(Decrease)/Increase in other liabilities	(12,776)	29,975
Increase in employee benefits and other provisions	14,832	13,535
Net cash inflow from operating activities	153,709	157,424

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C Our operating base

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

C1 Working Capital

C1.1 Trade and other receivables

	2021	2020
	\$'000	\$'000
Trade receivables	94,123	50,164
Loss allowance	(11,010)	(6,893)
	83,113	43,271
Contract receivables	33,920	12,558
Other receivables	18,506	18,785
GST recoverable	9,763	3,746
Total trade and other receivables	145,302	78,360

	Current - 90 days past due	90+ days past due
	\$'000	\$'000
30 June 2021		
Gross carrying amount - trade receivables	81,439	12,684
Loss allowance	(4,970)	(6,040)
30 June 2020		
Gross carrying amount - trade receivables	40,632	9,532
Loss allowance	(2,423)	(4,470)

The above contract receivables include accrued hospital income for patients not yet invoiced.

The closing loss allowances for trade receivables and contract assets as at 30 June 2021 reconcile to the opening loss allowances as follows:

	2021	2020
	\$'000	\$'000
Opening loss allowance as at 1 July	6,893	5,392
Increase in loss allowance recognised in profit or loss during the year	5,202	5,222
Receivables written off during the year as uncollectible	(661)	(3,206)
Unused amount reversed	(424)	(515)
Closing loss allowance at 30 June	11,010	6,893

Key Estimates and judgements

Expected credit losses

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the ageing profile. The expected loss rates are based on the historical payment profiles of debtors over a period of up to 12 months before 30 June 2021 and 30 June 2020 respectively. The historical loss rates are adjusted to reflect current and forward-looking information on economic factors affecting the ability of the clients to settle the receivables including the impact of the cyber event experienced by the Group in April 2021.

The Group has identified general economic factors of the countries in which it sells its goods and services to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in these factors.

UnitingCare Queensland
Notes to the consolidated financial statements
For the year ended 30 June 2021

C1 Working Capital (continued)

C1.1 Trade and other receivables (continued)

Significant accounting policies

(a) Trade receivables

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

(b) Credit Risk

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

The Group applies the simplified approach to measuring expected credit losses and uses a lifetime expected loss allowance for all trade receivables.

(a) Contract receivables

A contract receivable representing the Group's right to consideration for services delivered but not yet invoiced is recognised as hospital patient services are rendered but not yet invoiced. Refer to B1 for hospital patient services revenue.

C1.2 Inventories

	2021	2020
	\$'000	\$'000
Medical Supplies	18,294	12,876
Other	2,290	1,394
Total current inventories	20,584	14,270

The cost of inventories recognised as an expense during the year was \$210,658,000 (2020 \$205,762,000). This predominantly relates to medical items and prosthetics.

Significant accounting policies

Purchased inventories are valued at the lower of weighted average cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

Second-hand inventory donations are not recognised.

C1.3 Other assets

	2021	2020
	\$'000	\$'000
Current Assets		
Prepayments	11,306	10,026
Accrued income	12,234	32,776
Loans to other entities	745	-
Imputation tax receivable	-	2,896
Other current assets	19	11
Total other current assets	24,304	45,709
Non-current		
Funds held in trust	2,305	2,299
Total other non-current assets	2,305	2,299

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C1 Working Capital (continued)

C1.3 Other assets (continued)

The imputation tax receivable related to the sale of the Group's share in UnitingCare Medical Imaging Pty Ltd in the year ended 30 June 2020 was received following the Group's successful application and assessment by the Australian Taxation Office.

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

C1.4 Trade and other payables

	2021	2020
	\$'000	\$'000
Current		
Trade payables	83,871	50,622
Accrued expenses	104,505	81,883
Other payables	2,274	1,940
Total current trade and other payables	190,650	134,445
Non-current		
Maintenance reserve funds	5,837	5,307
Total non-current trade and other payables	5,837	5,307

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

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

C1.5 Ingoing contributions, RADs and accommodation bonds

	2021	2020
	\$'000	\$'000
Expected to be paid within 12 months		
Ingoing contributions	43,567	42,572
RADs and accommodation bonds	92,762	94,249
	136,329	136,821
Not expected to be paid within 12 months		
Ingoing contributions	460,276	447,258
RADs and accommodation bonds	209,027	191,458
	669,303	638,716
Total ingoing contributions, RADs and accommodation bonds	805,632	775,537

Accommodation bonds, including RADs are held in respect of clients in residential aged care facilities. Ingoing contributions are held for clients of retirement living units covered under the *Retirement Villages Act 1999*.

Key Estimates and judgements

RADs	Management use historical performance for resident exits and the average value of current RADs held for the basis of estimating the expected payment periods for current RADs.
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UnitingCare Queensland
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C1 Working Capital (continued)

C1.5 Ingoing contributions, RADs and accommodation bonds (continued)

Significant accounting policies

(a) Ingoing contributions

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

(b) RADs

RADs are repayable on demand and are classified as current liabilities. They are recorded at the amount initially received less any retention the Group is allowed to deduct in accordance with the relevant legislation and resident agreement in the form of DAPs, and are not discounted. DAPs are accounted for under AASB 16, refer to B1.

The cash required to cover the refund of RADs is subject to a documented liquidity management strategy.

C1.6 Other liabilities

	2021	2020
	\$'000	\$'000
Grant funding liabilities	40,005	65,274
Contract liabilities	57,873	46,919
Construction obligation	21,983	14,895
Deferred revenue	4,290	4,604
Unearned income	7,027	5,568
Other current liabilities	749	1,435
Total other current liabilities	131,927	138,695
Non-current		
Deferred revenue	32,839	33,550
Fundraising monies held in trust	396	387
Unearned income	8,160	8,324
Total other non-current liabilities	41,395	42,261

The revenue recognised for the year that was included in contract liabilities at the beginning of the period was \$46,919,000 (2020: \$33,836,000). There was no revenue recognised during the period from performance obligations satisfied (or partially satisfied) in previous periods.

Unearned income includes a lease to Wesley Medical Research for a 99-year period that has been prepaid. This lease does not have an option to renew or purchase the leased asset at the expiry of the lease period.

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

Significant accounting policies

(a) Grant funding liabilities

Grant funding liabilities comprise unfulfilled performance obligations for government grants containing a refund obligation. Liabilities are released to the statement of profit or loss and other comprehensive income as performance obligations are satisfied, refer B1, or returned to the funder unless otherwise agreed.

(b) Contract liabilities

Contract liabilities comprise unfulfilled performance obligations for Home Care Packages. Liabilities are released to the statement of profit or loss and other comprehensive income as performance obligations are satisfied, refer B1.

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C1 Working Capital (continued)

C1.6 Other liabilities (continued)

(c) Construction obligation

A construction obligation is recognised for capital grants received for which there is an unfulfilled construction obligation, refer B1.

C2 Property, plant and equipment

	Work in Progress \$'000	Land and Buildings \$'000	Plant and Equipment \$'000	Right of Use Assets \$'000	Total \$'000
2021					
Cost	38,769	1,298,964	620,280	51,805	2,009,818
Accumulated Depreciation	-	(574,545)	(411,128)	(23,964)	(1,009,637)
Carrying amount at 30 June 2021	38,769	724,419	209,152	27,841	1,000,181
Carrying amount at 1 July 2020	40,529	736,630	204,983	36,174	1,018,316
Additions	46,044	10,986	27,975	4,409	89,414
Disposals and derecognitions	(69)	(2,463)	(1,617)	-	(4,149)
Transfers: from Work in Progress	(45,959)	22,743	19,274	-	(3,942)
Transfers: to Held for Sale	-	(315)	-	-	(315)
Depreciation	-	(43,162)	(41,463)	(12,742)	(97,367)
Impairment	(1,776)	-	-	-	(1,776)
30 June 2021 carrying amount	38,769	724,419	209,152	27,841	1,000,181
2020					
Cost	40,529	1,268,730	579,356	52,597	1,941,212
Accumulated Depreciation	-	(532,100)	(374,373)	(16,423)	(922,896)
Carrying amount at 30 June 2020	40,529	736,630	204,983	36,174	1,018,316
Carrying amount at 1 July 2019	55,524	775,140	201,538	-	1,032,202
Changes in accounting policies	-	3,617	(1,177)	52,244	54,684
Additions	55,196	5,930	25,155	3,063	89,344
Disposals and derecognitions	(182)	(9,579)	(2433)	-	(12,194)
Transfers: from Work in Progress	(63,989)	10,702	22,735	-	(30,552)
Transfers: to Investment Properties	-	(3,945)	-	-	(3,945)
Transfers: to Held for Sale	-	(887)	-	-	(887)
Depreciation	-	(44,348)	(40,835)	(14,158)	(99,341)
Impairment	(6,020)	-	-	(4,975)	(10,995)
Carrying amount at 30 June 2020	40,529	736,630	204,983	36,174	1,018,316

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

Assets pledged as security

Freehold land and buildings with a carrying amount of \$63,188,000 (2020: \$65,311,000) have been pledged to secure borrowings of the Property Trust. The freehold land and buildings have been pledged as security for bank loans under a mortgage. The Property Trust is not allowed to pledge these assets as security for other borrowings or to sell them to another entity without the approval from the Australia and New Zealand Banking Group Limited.

As at 30 June 2021, freehold land and buildings with a carrying amount of \$4,198,000 (2020: \$4,401,000) have been pledged to the Queensland Government to secure grant funding under a mortgage. The Group is able to pledge these assets as security for other borrowings provided that the funder remains as a second mortgagee. In addition, hospital assets with a carrying value of \$33,171,000 (2020: \$35,540,000) are pledged as security in accordance with a grant contract from the Commonwealth of Australia. Leased assets with a carrying value of \$57,000 (2020: \$58,000) are pledged as security under the terms of the finance lease.

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C2 Property, plant and equipment (continued)

In total, property, plant and equipment of \$37,369,000 (2020: \$39,941,000) which is 3.7% (2020: 3.9%) of total property, plant and equipment, have been or will be pledged to secure government grants.

Key Estimates and judgements

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

(a) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the consolidated statement of profit or loss and other comprehensive income.

The cost of capital works in progress includes directly attributable expenditure including the cost of materials, direct labour, an initial estimate of the costs of dismantling and removing the items and restoring the site on which they are located, an appropriate proportion of production overheads and directly attributable borrowing costs.

(b) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(c) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in the consolidated statement of profit or loss and other comprehensive income.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- | | |
|--|----------------|
| - Buildings and improvements | Up to 40 years |
| - Plant and equipment | 3 to 30 years |
| - Motor vehicles (included in plant and equipment) | 3 to 15 years |

Assets are depreciated on a straight line basis from the date of acquisition or from the time an asset is completed and held ready for use.

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

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C2 Property, plant and equipment (continued)

Significant accounting policies (continued)

(d) Impairment of assets

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

Impairment losses are recognised in the consolidated statement of profit or loss and other comprehensive income. Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

C2.1 Leases

The consolidated statement of financial position shows the following amounts relating to leases:

	2021	2020
	\$'000	\$'000
Right of Use (ROU) Assets		
Properties	25,978	33,700
Equipment	281	783
Motor Vehicles	1,582	1,691
Total ROU Assets	27,841	36,174

The consolidated statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

Depreciation of ROU Assets		
Properties	11,062	12,188
Equipment	504	624
Motor Vehicles	1,176	1,346
Total depreciation of ROU Assets	12,742	14,158
Interest expense (included in operating cost)	1,861	2,246
Expense relating to short-term leases (included in property expenses)	5,956	5,567

Total cash outflows for leases for the year ended 30 June 2021 was \$16,574,000 (2020: \$18,440,000).

The Group leases various properties, equipment and motor vehicles. Rental contracts are made for fixed periods of 1 to 10 years and may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Concessionary leases

The Group has 51 (1 July 2020: 52) below market leases accounting for 17.2% (2020:17.6%) of the total number of property leases. The Group is dependent on these leases to further its objectives as it utilises the land and buildings to run its operations and deliver its services. The Group is restricted on the use of the land and buildings subject to these leases as agreed with the respective lessors being local, state or territory governments. This includes 5 leases of land under deed of grant in trust on which the Group operates aged care facilities.

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C2 Property, plant and equipment (continued)

C2.1 Leases (continued)

The following table outlines the nature of the Group's concessionary leases.

Category	Source	Group Objectives	Lease term	Ave payment p.a. (\$)
Aged care 17: land and buildings	State/Territory government	Regional and remote high care, hostel and remote accommodation	10 to 99 years Average of 50 years	14
Community services 10: land and buildings	Local government	Respite centres, counselling, charity stores and other community services	2 to 99 years Average of 25 years	82
Housing 24: Dwellings	State government	Crisis accommodation	1 to 14 years Average of 3 years	-

Significant accounting policies

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

(a) As a lessee

At commencement or modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative standalone prices.

The Group recognises a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in consolidated statement of profit and loss and other comprehensive income if the carrying amount of the ROU asset has been reduced to zero.

The Group presents ROU assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the consolidated statement of financial position.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated statement of profit or loss and other comprehensive income. Short-term leases are leases with a lease term of 12 months or less, while low-value assets include items such as IT equipment.

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C2 Property, plant and equipment (continued)

C2.1 Leases (continued)

(b) Concessionary leases

The Group has applied the temporary option not to measure these assets at fair value in accordance with AASB 2018-8 *Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities* and are expensed as incurred.

(c) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies AASB 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as 'other revenue'.

C2.2 Commitments and expenditure

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

	2021	2020
	\$'000	\$'000
Not later than 1 year		
Buildings	16,756	2,791
Plant and equipment	4,340	2,554
Intangibles	739	47
Other commitments	16,599	3,087
Total commitments and expenditure	38,434	8,479

C3 Investment properties

	2021	2020
	\$'000	\$'000
At fair value: carrying amount at the beginning of the year	575,694	570,899
Additions	6,048	11,011
Transfers from property, plant and equipment during the year	-	3,945
Change in fair value of investment properties	1,868	(10,161)
Carrying amount at the end of the year	583,610	575,694

Amounts recognised in consolidated statement of profit or loss and other comprehensive income

Deferred management fees	13,697	13,328
Change in fair value of investment properties	1,868	(10,161)

Valuation reconciliation:

Carrying amount of investment properties	583,610	575,694
Less:		
Incoming contributions	(402,524)	(395,502)
Deferred revenue	(30,641)	(31,624)
Valuation	150,445	148,568

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

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C3 Investment properties (continued)

In determining market values, the Group obtains independent external valuations for its investment properties on a rolling basis at least every three years. As a result, two investment properties have been independently valued during the year ended 30 June 2021 (2020:2).

Key Estimates and judgements

Classification of investment properties Significant management judgement has been applied to determine the classification of retirement units as investment properties. The Group has assessed the risks and rewards associated with ownership of the retirement units as remaining with the Group and not transferring to the occupier. The Group therefore recognises resident loans in respect of those occupied retirement units. The gross carrying amount of these units is recognised with reference to the relevant resident loan.

Fair value estimate of investment properties Investment properties are classified as level 3 in the fair value hierarchy as key assumptions used in their valuation are not observable. The following assumptions have been used in calculating the fair values of investment properties:

Unobservable inputs	Range of inputs		Relationship of unobservable inputs to fair value
	2021	2020	
Expected market growth	2.50% to 2.75%	2.75%	Fair value increases with higher expected market growth
Average length of stay	4.5 to 12.7 years	5.1 to 12.5 years	Fair value increases with lower length of stay
Risk adjusted discount rates	13% to 16.5%	13% to 16.5%	Fair value increases with lower discount rate

Significant accounting policies

Investment properties comprise the resort style retirement villages of the Group. This includes Independent Living Units, Serviced Apartments, common facilities and integral plant and equipment. Investment property is initially measured at cost including any acquisition costs, and are held to generate income from deferred management fees and the Group's share of the change in the market value of the investment.

Subsequently, investment property is measured at fair value with any change therein recognised in the consolidated statement of profit or loss and other comprehensive income as part of the change in fair value of investment properties.

Fair value of investment properties under construction is primarily determined using direct comparison of active market prices, adjusted for any difference in the nature, location or stage of completion of the specific asset. Any gain or loss arising from a change in fair value is recognised in the consolidated statement of profit or loss and other comprehensive income.

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

Deferred management fee income from investment property is recognised as revenue on a straight-line basis over the term of the resident occupancy, refer to B1.

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C4 Intangible assets

	2021	2020
	\$'000	\$'000
Computer software		
Cost	165,422	163,149
Accumulated amortisation	(125,918)	(112,806)
Carrying amount at the end of the year	39,504	50,343
Computer software		
Opening Balance	50,343	36,069
Additions	15	404
Transfers from CWIP	3,714	30,552
Amortisation	(14,568)	(16,682)
Carrying amount at the end of the year	39,504	50,343

During the year ended 30 June 2021, the Group carried the following significant intangible assets: financial management information system, clinical information system, eHealth application and a data convergence centre. The carrying value related to these intangible assets at year-end was \$20,180,000 (2020: \$25,191,000) and is expected to be fully amortised in one to seven years.

The Group has not yet adopted the International Financial Reporting Standards Interpretation Committee agenda decision on *Configuration or customisation costs in a cloud computing arrangement* and the adoption of this agenda decision will result in a reclassification of some of the above intangible assets impacting both the current and prior periods, refer to G2.

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

Significant accounting policies

(a) Recognition and measurement

Expenditure on research activities is recognised in the consolidated statement of profit and loss and other comprehensive income as incurred.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit and loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

(b) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the consolidated statement of profit and loss and other comprehensive income as incurred.

(c) Amortisation

Amortisation is calculated to write-off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit and loss.

The estimated useful life for software development costs is 1 to 8 years.

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

(d) Impairment

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

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D Financial Instruments

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

D1 Financial assets

	2021	2020
	\$'000	\$'000
Debt instruments at fair value through profit or loss	3,301	2,274
Equity instruments at fair value through other comprehensive income	30,439	19,993
Total financial assets	33,740	22,267

Amounts recognised in profit or loss and other comprehensive income

During the year, the following gains/(losses) were recognised in profit or loss and other comprehensive income:

Income/(losses) recognised in other comprehensive income

Related to equity investments	4,452	(711)
Related to debt investments	109	(71)
Total income/(losses) recognised in other comprehensive income	4,561	(782)

Income/(losses) recognised in profit or loss

Related to debt investments recognised in other income/(other expense)	286	(41)
Dividends from equity investments held at FVOCI recognised in other income	329	284
Total income/(losses) recognised in profit or loss	615	243

The Group has established an investment portfolio which is managed in accordance with the Group's Investment Management Strategy (IMS). The IMS provides a framework within which the Group can invest funds in a considered, sustainable and compliant way. Returns on investment are used to fund direct public benevolent institution services.

Significant accounting policies

(a) Recognition and initial measurement

Debt securities issued are initially recognised when they are originated. Equity instruments are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

Debt and equity instruments are initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

(b) Classification and subsequent measurement

Classification

On recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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D1 Financial assets (continued)

Significant accounting policies (continued)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The fair value of financial assets at FVTPL and FVOCI is determined based on current bid prices for all quoted investments.

Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt instruments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains or losses are recognised in OCI. On derecognition, gains or losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

D2 Borrowings

	2021	2020
	\$'000	\$'000
Current		
Lease liabilities	11,681	13,791
Total current borrowings	11,681	13,791
Non-current		
Lease liabilities	30,247	38,746
Total non-current borrowings	30,247	38,746

At the end of the reporting period the Group had access to the following facilities:

- i. ANZ bank guarantees facility of \$11,000,000;
- ii. ANZ asset finance facility of \$8,900,000; and
- iii. UCIS line of credit facility of \$20,000,000.

With the exception of \$6,171,000 (2020: \$171,000) being utilised of the ANZ bank guarantee facility and \$nil (2020: \$nil) of the ANZ asset finance facility, no other amounts had been used from the above facilities.

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D2 Borrowings (continued)

Significant accounting policies

(a) Borrowings

Borrowings are initially recognised when the Group becomes a party to the contractual provisions of the instrument. They are initially measured at fair value less transaction costs that are directly attributable to their acquisition.

Borrowings are classified and measured at amortised cost using the effective interest method. Any difference between cost and redemption value is recognised in the consolidated statement of profit or loss and other comprehensive income over the entire period of the borrowings on an effective interest basis. Fees paid on the establishment of loan facilities, which are not incremental costs relating to the actual draw-down facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

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

(b) Lease liabilities

Refer to accounting policy at C2.1.

D2.1 Movement in liabilities from financing activities

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

	1 July 2020 \$'000	Cash flows \$'000	Non-cash changes		30 June 2021 \$'000
			New leases \$'000	Other \$'000	
Lease liabilities	52,537	(14,715)	4,106	1,859	43,787
Ingoing contributions, RADs and accommodation bonds	775,537	42,959	-	(12,864)	805,632
Total liabilities from financing activities	828,074	28,244	4,106	(11,005)	849,419

	1 July 2019 \$'000	Cash flows \$'000	New leases \$'000	Other \$'000	30 June 2020 \$'000
Liabilities					
Finance Lease liabilities	65,740	(18,440)	3,063	2,174	52,537
Newpin Social Benefit Bond	6,000	(6,000)	-	-	-
Ingoing contributions, RADs and accommodation bonds	754,685	33,899	-	(13,047)	775,537
Total liabilities from financing activities	826,425	9,459	3,063	(10,873)	828,074

Other changes for ingoing contributions, RADs and accommodation bonds include deferred management fees, movement in deferred revenue liabilities and retention revenue. Other changes for lease liabilities relate to interest costs, this is a cash movement included in interest paid in the consolidated statement of cash flows.

D3 Financial risk management objectives

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

The Group deposits funds with, and borrow funds from, UCIS, the Treasury arm of the Property Trust, ANZ and NAB. Risk management is carried out under policies approved by the Queensland Synod Finance, Investment and Property Board and the Group's Board.

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D3 Financial risk management objectives (continued)

The fair values of financial assets and financial liabilities approximate carrying amounts as the assets and liabilities are either short-term; the impact of discounting is not significant; or any borrowings incur interest at variable rates.

D3.1 Capital risk management

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

(a) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. At the end of the annual reporting period, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: (i) interest rate risk; (ii) foreign currency risk; and (iii) price risk.

(i) Interest rate risk

The Group's main interest rate risk arises from interest bearing cash and cash equivalents and other financial assets. The Group has significant interest-bearing assets and the income and operating cash flows are materially exposed to changes in interest rates. There has been no change to the nature of these risks or the manner in which these risks are managed and measured.

Interest rate risks on borrowings are managed with the aim of reducing the impact of short-term fluctuations in earnings. However, over the longer term, permanent changes in interest rates would have an impact on earnings. At 30 June 2021, it is estimated that a general increase of one percentage point in interest rates on borrowings would not have a material impact on the Group. The undiscounted contractual maturities include interest that will be earned. This information is included as the liquidity is managed on a net asset basis.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	30 June 2021		30 June 2020	
	USD	Other	USD	Other
	\$'000	\$'000	\$'000	\$'000
Shares (equity instruments)	9,303	1,308	5,742	742

As shown above, the Group is primarily exposed to changes in USD/AUD exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from USD denominated shares. The impact of a +/- 12% movement in the AUD/USD exchange rate would result in an increase or decrease of \$1,102,000 (2020: \$1,148,000) impact on profit or loss. The Group's exposure to other foreign exchange movements is not material.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Group's exposure to price risk arises from financial asset investments held by the Group and classified as either FVOCI or FVTPL, refer D1. To manage its price risk arising from investments in debt and equity instruments, the Group diversifies its portfolio, with limits on asset classes and industries. Diversification of the portfolio is done in accordance with the policies and limits set by the Group, which include expected rates of return and ethical restrictions. Investments are managed at arm's length by an independent and fully qualified investment manager.

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D3 Financial risk management objectives (continued)

D3.1 Capital risk management (continued)

The investment portfolio includes cash, term deposits, managed funds, exchange trade funds, corporate bonds, Australian equities and international equities, refer D1. If the price of Australian equities classified as FVTPL had been 20% higher or lower, the surplus/(deficit) for the year would have increased or decreased by \$660,000 (2020: \$455,000) as a result.

(c) Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. UCIS maintains flexibility in funding by keeping external credit lines available. The Group has a documented liquidity risk management strategy in compliance with requirements of the *Aged Care Act 1997*.

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

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D3 Financial risk management objectives (continued)

D3.1 Capital risk management (continued)

	Effective Interest Rate	MATURING (Years)			
		< 1	1 to 2	> 2	Total
	%	\$'000	\$'000	\$'000	\$'000
30 June 2021					
Assets					
<i>Non-interest bearing:</i>					
Cash and cash equivalents	-	161	-	-	161
Financial assets	-	30,439	-	-	30,439
Trade and other receivables	-	145,302	-	-	145,302
<i>Floating interest rate:</i>					
Cash and cash equivalents	0.40	566,104	-	-	566,104
Financial assets	2.57	3,301	-	-	3,301
Loans to other entities	3.67	745	-	-	745
Funds held in trust	0.15	-	-	2,305	2,305
Total financial assets		746,052	-	2,305	748,357
Liabilities					
<i>Fixed interest rate:</i>					
Lease Liabilities	3.79	11,554	9,104	21,076	41,734
<i>Non-interest bearing:</i>					
Ingoing contributions, RADs and accommodation bonds	-	805,632	-	-	805,632
Trade and other payables	-	190,650	5,837	-	196,487
Other liabilities	-	120,610	396	-	121,006
Total financial liabilities		1,128,446	15,337	21,076	1,164,859
30 June 2020					
Assets					
<i>Non-interest bearing:</i>					
Cash and cash equivalents	-	200	-	-	200
Financial assets	-	19,333	-	-	19,333
Trade and other receivables	-	78,360	-	-	78,360
<i>Floating interest rate:</i>					
Cash and cash equivalents	1.28	455,308	-	-	455,308
Financial assets	3.17	2,934	-	-	2,934
Funds held in trust	0.56	-	-	2,299	2,299
Total financial assets		556,135	-	2,299	558,434
Liabilities					
<i>Fixed interest rate:</i>					
Lease liabilities	3.79	15,074	11,314	29,905	56,293
<i>Non-interest bearing:</i>					
Ingoing contributions, RADs and accommodation bonds	-	775,537	-	-	775,537
Trade and other payables	-	134,445	5,307	-	139,752
Other liabilities	-	128,842	387	-	129,229
Total financial liabilities		1,053,898	17,008	29,905	1,100,811

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E Our People

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

E1 Employee benefits

	2021	2020
	\$'000	\$'000
Current		
Annual leave	91,632	81,583
Long service leave	72,714	71,216
Accrued day off and other leave	1,004	877
Sick leave	2,918	3,431
Total current employee benefits	168,268	157,107
Non-current		
Long service leave	18,875	18,506
Total non-current employee benefits	18,875	18,506

The current portion of employee benefits liability includes all of the employee benefits where employees have completed the required period of service or will complete the required period of service within 12 months from the balance date. The entire annual leave provision is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations.

The current portion of the long service leave represents the unconditional entitlement where employees have completed the required period of service and also for those employees that are entitled to pro-rata payments in certain circumstances.

Portable long service leave for community services workers within the community services industry came into effect with the passing of the *Queensland Community Services Industry (Portable Long Service Leave) Act 2020*. The scheme is administered by QLeave. The above long service leave balances contain an estimate for the probable reimbursement to be received from QLeave under the scheme.

The Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. Current leave obligations not expected to be settled within 12 months, included in current employee benefits, were \$50,232,000 (2020: \$45,931,000).

Key Estimates and judgements

Annual and long service leave	The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been considered. These estimates have also been applied to the calculation for the probable reimbursement from QLeave under the portable long service leave scheme.
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Significant accounting policies

(a) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group recognises benefits accruing to employees in respect of wages and salaries, annual leave, long service and accumulating sick leave as short-term benefits and measures these at their nominal values using the remuneration rate expected to apply at the time of settlement (including relevant on-costs).

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E1 Employee benefits (continued)

Significant accounting policies (continued)

(b) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in the consolidated statement of profit or loss and other comprehensive income in the period in which they arise.

(c) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

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

E2 Key management personnel compensation

In addition to their salaries, the Group provides non-cash benefits to key management personnel. Key management personnel compensation paid to Directors and executives included in salaries and employee expenses in the consolidated statement of profit or loss and other comprehensive income are as follows:

	2021	2020
	\$'000	\$'000
Short-term employee benefits	6,707	5,353
Post-employment benefits	276	337
Termination benefits	364	-
Total key management personnel compensation	7,347	5,690

No transactions other than those disclosed above were made with key management personnel (2020: nil).

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F Our Structure

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

F1 Joint operations

Blue Care has a 50% interest in a joint operation with Brisbane Housing Company Limited that provides affordable housing under the National Rental Affordability Scheme (NRAS). Financial information relating to this interest is set out below.

	2021	2020
	\$'000	\$'000
Interest in joint operation		
Property, plant and equipment	4,377	4,505
Less: accumulated depreciation	(128)	(128)
Net interest in joint operation	4,249	4,377
Results		
Lessor income	724	553
Expenses	(257)	(237)
Net contribution to result	467	316

Significant accounting policies

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Interests in joint operations are accounted for through the recognition of the proportionate share of the assets, liabilities, revenues and expenses of the joint operation. Classification of these items is consistent within the Group.

F2 Interests in other entities

Interests in equity accounted joint ventures

Name	Place of Business	Principal Activities	Ownership Interest		Carrying Amount of Investment	
			2021 %	2020 %	2021 \$'000	2020 \$'000
UnitingCare Medical Imaging Pty Ltd ⁱ	Australia	Healthcare	-	-	-	-
Leap in! Australia Ltd ⁱ	Australia	Healthcare	50	50	-	-
Investments accounted for using the equity method					-	-

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

On 20 December 2019 the Group disposed of its 50% interest in UCMI.

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F2 Interests in other entities (continued)

Movements during the year for equity accounted investments

Name	UCMI		LIL	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
At beginning of the year	-	6,644	-	-
Add: Investments during the period	-	-	-	-
Add: Share of joint venture surplus/(deficit)	-	1,370	-	-
Less: Imputation tax credits	-	72	-	-
Less: Dividends received	-	(6,757)	-	-
Less: Disposal of interest	-	(1,329)	-	-
Balance at end of the year	-	-	-	-

Summarised financial performance:

Joint ventures surplus/(deficit) for the period of ownership	-	2,740	601	(1,893)
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The Group's share of profit in Leap in! Australia Ltd has been offset against previously recognised losses. Share of profit will only be recognised against the investment where the previously recognised losses have been extinguished. There is no other consideration owing.

Commitments and contingent liabilities in respect of joint ventures

There were no commitments or contingent liabilities in respect of joint ventures at 30 June 2021.

Significant accounting policies

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

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

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

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

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G Other Disclosures

G1 New and amended standards adopted

A number of standards became effective for the Group from 1 July 2020. These are as follows:

- AASB 2018-6 *Amendments to Australian Accounting Standards: Definition of a Business*
- AASB 2018-7 *Amendments to Australian Accounting Standards: Definition of Material*
- AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*
- AASB 2020-4 *Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions*

None of the above standards have had a material impact on the Group.

G2 Standards and Interpretations in issue but not yet adopted

Apart from those presented below, there are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

(a) International Financial Reporting Standards Interpretations Committee final agenda decisions not yet adopted

In April 2021, the International Financial Reporting Standards Interpretations Committee (IFRIC) issued a final agenda decision, *Configuration or customisation costs in a cloud computing arrangement*. The decision discusses whether configuration or customisation expenditure relating to cloud computing arrangements is able to be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

The Group's accounting policy has historically been to capitalise all directly attributable costs related to cloud computing arrangements as intangible assets in the consolidated statement of financial position. The adoption of this agenda decision could result in a reclassification of these intangible assets to either a prepaid asset in the consolidated statement of financial position and/or recognition as an expense in the consolidated statement of profit or loss and other comprehensive income, impacting both the current and prior periods present. The Group has not adopted this IFRIC agenda decision. The impact of the change is not reasonably estimable as the Group has yet to complete its assessment of the decision, however the Group expects that the impact will be material.

The Group expects to adopt this IFRIC agenda decision in its annual consolidated financial statements for the year ending on 30 June 2022 and an investigation into the impact of the implementation is currently underway.

(b) AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

This standard amends AASB 101 *Presentation of Financial Statements* (AASB 101) to require a liability be classified as current when entities do not have a substantive right to defer settlement at the end of the reporting period. It is effective for annual reporting periods beginning on or after 1 January 2023 and early adoption is permitted.

The Group is currently investigating the impact of this amendment.

G3 Auditors remuneration

	2021	2020
	\$	\$
Audit fees	554,000	550,000
Other services	228,874	908,790
Total auditor's remuneration	782,874	1,458,790

The auditor for the Group is Deloitte Touche Tohmatsu. Other services provided relate to consulting and professional fees. Management has an Auditor Independence Policy in place to formally approve the non-audit services provided by Deloitte and is satisfied that the provision of non-audit services during the year ended 30 June 2021 is compatible with the general standard of independence for auditors imposed by the *Australian Charities and Not-for-profits Commission Act 2012*. The Board has reviewed the position on permitted non-audit services and, in accordance with the advice received from the Audit, Risk and Compliance Committee, is satisfied that the nature and scope of the non-audit services provided does not compromise the auditor independence policy.

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G4 Other related party disclosures

G4.1 Equity interests in related parties

For details of joint arrangements refer to sections F1 and F2.

G4.2 Transactions with other related parties

UnitingCare Queensland is part of the Uniting Church in Australia - Queensland Synod and the Group has a related party relationship with and undertakes transactions with various agencies and departments of the Property Trust including The Department of Finance and Property Services, Uniting Church Investment Services and Uniting Church Insurance. The Group makes financial contributions to the Uniting Church in Australia – National Assembly which is the national body for the Uniting Church network.

(a) Transactions and balances with related parties

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

	2021	2020
	\$'000	\$'000
Uniting Church in Australia – Queensland Synod		
Chaplaincy services	(3,058)	(3,045)
Insurance premiums expense	(10,666)	(9,759)
Other expenses	(149)	(155)
Stewardship fee	(9,147)	(9,147)
Redress and sensitive matters contribution	(3,000)	(2,305)
Net payables owed	(283)	(2,351)
Uniting Church Investment Services		
Interest revenue received	1,504	3,816
Cash on deposit at the end of year	292,566	275,416
Funds held in trust	2,305	2,299
The Uniting Church in Australia – National Assembly		
Contribution paid	(469)	(554)
UnitingCare Medical Imaging Pty Ltd		
Rental income	-	1,147
Other sundry income	-	268
Reimbursement of theatre and prosthetics fees expense	-	434
Other sundry expenses	-	(619)
Leap in! Australia Ltd		
Loan receivable	745	-
Reversal of impairment/(Impairment) of loan receivable	1,130	(1,676)
Share of joint venture surplus/(deficits)	601	(887)
Interest revenue	120	125
Loans (repaid)/advanced	(1,250)	1,250

UnitingCare Queensland

Notes to the consolidated financial statements

For the year ended 30 June 2021

G5 Contingent liabilities

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

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

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

From time to time, the services of the Group are named in legal claims of a medical nature. The outcome of these claims is uncertain. The Board is of the opinion that provisions are not required in respect of these matters, as it is not probable that a future outflow of economic benefits will be required or the amount is not capable of reliable measurement and insurance policies are adequate to meet these claims. The maximum exposure to liability for excess payments in respect of these claims is \$4,571,000 (2020: \$4,571,000).

The Group has received capital grants from the State and Commonwealth governments. Funding received may be repayable in circumstances where the asset is sold or it ceases to be used for its funded purpose, depending on the specific contractual obligations of each contract. The contingent liability at 30 June 2021 was \$4,570,000 (2020: \$4,570,000). Blue Care's portion of the contingent liability at 30 June 2021 was \$4,276,000 (2020: \$4,276,000).

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

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

G6 Events after the reporting period

Subsequent to 30 June 2021, the Group entered into a Heads of Agreement for the transition of the Group's childcare centres to The Uniting Church in Australia Property Trust (Q.). The effective date of the transition was 30 September 2021. Divestment of the child care services, operations and assets for which the Group was the responsible body under Church Regulations, were compensated at market value.

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

G7 ACNC disclosure

As per section A2.12, the ACNC reporting group includes the following entities:

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

However, UnitingCare Queensland also controls and consolidates Australian Regional and Remote Community Services Limited (ARRCS). A reconciliation is included below, with any reclassifications required to comply with ACNC disclosure requirements:

UnitingCare Queensland
Notes to the consolidated financial statements
For the year ended 30 June 2021

G7 ACNC disclosure (continued)

Consolidated statement of profit or loss and other comprehensive income	UCQ ACNC reporting group \$'000	Other controlled entitiesⁱ \$'000	Eliminations \$'000	UCQ Consolidated Group \$'000
Revenue				
Government grants ⁱⁱ	622,262	59,047	-	681,309
Donations and bequests ⁱⁱⁱ	4,427	22	-	4,449
Revenue from providing goods or services	1,000,600	10,564	-	1,011,164
Revenue from investments	2,693	270	-	2,963
Other revenue	74,532	5,062	2,097	81,691
Total revenue	1,704,514	74,965	2,097	1,781,576
Other income	8,914	309	569	9,792
Total gross income	1,713,428	75,274	2,666	1,791,368
Expenses				
Employee expenses	(1,033,423)	(44,837)	-	(1,078,260)
Interest expenses	(3,446)	(101)	-	(3,547)
Other expenses	(623,666)	(19,251)	(2,666)	(645,583)
Total expenses	(1,660,535)	(64,189)	(2,666)	(1,727,390)
Net surplus	52,893	11,085	-	63,978
Other comprehensive loss	4,561	-	-	4,561
Total comprehensive income	57,454	11,085	-	68,539
Consolidated statement of financial position				
Assets				
Total current assets	714,812	75,523	175	790,510
Total non-current assets	1,568,770	56,830	-	1,625,600
Total assets	2,283,582	132,353	175	2,416,110
Liabilities				
Total current liabilities	1,267,161	45,463	175	1,312,799
Other non-current liabilities	104,787	1,407	-	106,194
Total liabilities	1,371,948	46,870	175	1,418,993
Net assets	911,634	85,483	-	997,117

ⁱ All other controlled entities are also public benevolent institutions.

ⁱⁱ Government grants includes both aged care and community services, family services, capital grants from government and non-recurring revenue and income (refer B1).

ⁱⁱⁱ Donations and bequests includes both fundraising and donations, and bequests (refer B1).

UnitingCare Queensland
Notes to the consolidated financial statements
For the year ended 30 June 2021

G7 ACNC disclosure (continued)

G7.1 Revenue and other income from government

The Group receives significant funding from government departments and agencies to enable its continued operations. The following table outlines the largest 10 sources of revenue and other income (including grants) received from the respective level of government department or agency. Further information may be obtained from the Group's Annual Information Statement lodged with the ACNC.

	UCQ ACNC reporting group \$'000	Other controlled entities \$'000	UCQ Consolidated Group \$'000
Commonwealth Government			
Department of Health	393,706	57,408	451,114
Australian Taxation Office	84,832	-	84,832
Department of Veteran Affairs	15,379	254	15,633
Department of Social Services	14,444	-	14,444
National Disability Insurance Agency	8,327	-	8,327
National Indigenous Australian Agency	2,999	435	3,434
Total income from Commonwealth Government	519,687	58,097	577,784
State Government			
Department of Child Safety, Youth and Women	52,918	-	52,918
Queensland Health	22,159	-	22,159
Department of Communities, Disability Services and Seniors	11,080	-	11,080
Department of Housing and Public Works	4,027	-	4,027
Total income from State Government	90,184	-	90,184
Other departments and agencies	12,391	950	13,341

Declaration by the Board of UnitingCare Queensland

30 June 2021

The Board of UnitingCare Queensland declares that:

- (a) the financial statements and notes set out on pages 1 to 40:
 - i. comply with the *Australian Charities and Not-for-profits Commission Act 2012* including compliance with Australian Accounting Standards and mandatory professional reporting requirements; and
 - ii. give a true and fair view of the financial position of UnitingCare Queensland as at 30 June 2021 and of its performance as represented by the results of its operations and its cash flows, for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that UnitingCare Queensland will be able to pay its debts as and when they become due and payable.

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

Dated 25 October 2021



Nigel Alexander, Chair
UnitingCare Queensland Board



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

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

25 October 2021

Dear Nigel

The Uniting Church in Australia – Queensland Synod, UnitingCare Queensland

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

As lead audit partner for the audit of the financial statements of The Uniting Church in Australia – Queensland Synod, UnitingCare Queensland for the financial year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Matthew Donaldson
Partner
Chartered Accountants

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

Opinion

We have audited the financial report of The Uniting Church in Australia – Queensland Synod, UnitingCare Queensland (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the declaration by the Board of UnitingCare Queensland (the "Board") as set out on pages 1 to 40.

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the ACNC Act and the ethical requirements of the Accounting Professional & 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.

Responsibilities of the Board for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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



DELOITTE TOUCHE TOHMATSU



Matthew Donaldson
Partner
Chartered Accountants
Brisbane, 25 October 2021

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