

Financial Report 2024



Proudly representing

BlueCare | Lifeline | ARRCs | The Wesley Hospital | Buderim Private Hospital
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30 June 2024

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UnitingCare Queensland
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

	Note	2024 \$'000	2023 ¹ \$'000
Revenue			
Revenue from contracts with clients	B1	2,083,107	1,855,119
Other income	B1	83,940	97,914
Total revenue		2,167,047	1,953,033
Share of surplus in joint ventures	F2	655	929
Change in fair value of investment properties	C4	10,338	10,251
Expenses			
Salaries and employee expenses ²		(1,370,633)	(1,200,375)
Supplies and services expenses	B2	(439,965)	(387,409)
Depreciation and amortisation expenses		(130,937)	(119,707)
Property expenses	B2	(154,198)	(144,198)
Other expenses	B2	(151,212)	(149,270)
Finance costs	B2	(28,848)	(20,950)
Total expenses		(2,275,793)	(2,021,909)
Deficit for the year		(97,753)	(57,696)
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Gains on equity instruments measured at FVOCI ³	D1	2,702	3,620
<i>Items that will subsequently be reclassified to profit or loss</i>			
Gains on debt instruments measured at FVOCI ³	D1	117	8
Other comprehensive income for the year		2,819	3,628
Total comprehensive loss for the year		(94,934)	(54,068)

¹ The comparative information related to certain revenue and expense items has been reclassified. Refer to Note A2.8 for more information.

² Salaries and employee expenses includes agency staffing costs.

³ Fair value through other comprehensive income (FVOCI).

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
For the year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Current assets			
Cash and cash equivalents	B3	362,466	360,234
Trade and other receivables	C1.1	117,624	120,090
Financial assets	D1	41,426	37,558
Inventories	C1.2	23,092	21,103
Other assets	C1.3	43,526	39,057
Assets classified as held for sale		5,217	1,491
Total current assets		593,351	579,533
Non-current assets			
Interests in other entities	F2	1,813	1,158
Property plant and equipment	C2	1,049,046	1,053,172
Right of use assets	C3	73,714	33,157
Investment properties	C4	670,355	636,227
Intangible assets	C5	36,729	26,878
Other assets	C1.3	2,446	13,681
Total non-current assets		1,834,103	1,764,273
TOTAL ASSETS		2,427,454	2,343,806
Current liabilities			
Trade and other payables	C1.4	167,164	173,832
Ingoing contributions, RADs ¹ and accommodation bonds	C1.5	944,326	882,435
Lease liabilities	D2	19,127	14,615
Borrowings	D3	55,000	-
Employee benefits	E1	172,604	167,150
Other liabilities	C1.6	73,555	67,097
Other provisions		5,640	4,395
Total current liabilities		1,437,416	1,309,524
Non-current liabilities			
Trade and other payables	C1.4	6,547	6,447
Lease liabilities	D2	62,904	24,817
Employee benefits	E1	20,199	20,253
Other liabilities	C1.6	58,417	43,572
Other provisions		6,332	8,620
Total non-current liabilities		154,399	103,709
TOTAL LIABILITIES		1,591,815	1,413,233
NET ASSETS		835,639	930,573
Equity			
Contributed funds		5,234	5,234
Properties revaluation reserve		23,689	23,689
Financial assets at FVOCI reserve		4,896	2,077
Accumulated funds		801,820	899,573
TOTAL EQUITY		835,639	930,573

¹ Refundable Accommodation Deposits (RAD)

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 2024

		Contributed funds	Properties revaluation reserve	FVOCI reserve	Accumulated funds	Total equity
	Note	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2022		5,234	23,689	(1,551)	957,269	984,641
Deficit for the year		-	-	-	(57,696)	(57,696)
Other comprehensive income	D1	-	-	3,628	-	3,628
Balance at 30 June 2023		5,234	23,689	2,077	899,573	930,573
Balance at 1 July 2023		5,234	23,689	2,077	899,573	930,573
Deficit for the year		-	-	-	(97,753)	(97,753)
Other comprehensive income	D1	-	-	2,819	-	2,819
Balance at 30 June 2024		5,234	23,689	4,896	801,820	835,639

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 2024

		2024	2023
	Note	\$'000	\$'000
Cash flows from operating activities			
Receipts from clients, funding and others		2,139,234	1,865,505
Payments to suppliers and employees		(2,148,692)	(1,886,781)
Interest received		16,839	14,414
Finance costs paid		(5,928)	(3,263)
Net cash inflow/(outflow) from operating activities	B3	1,453	(10,125)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		15,370	9,266
Payments for property, plant and equipment		(130,332)	(173,349)
Payments for intangible assets		(225)	(661)
Proceeds from capital grants		22,789	18,276
Dividends received from investments in financial assets		443	517
Proceeds from sale of business		-	3,900
Payments for investment properties		(10,017)	(8,992)
Proceeds from sale of financial assets		2,354	9,412
Payments for purchase of financial assets		(2,571)	(9,727)
Repayment of loans by joint ventures		-	1,360
Net cash outflow from investing activities		(102,189)	(149,998)
Cash flows from financing activities			
Net proceeds from ingoing contributions and accommodation bonds	D3.1	65,769	37,993
Repayment of lease liabilities	D3.1	(17,801)	(15,262)
Net proceeds from borrowings	D3.1	55,000	-
Net cash inflow from financing activities		102,968	22,731
Net increase/(decrease) in cash and cash equivalents		2,232	(137,392)
Cash and cash equivalents at beginning of year		360,234	497,626
Cash and cash equivalents at end of year	B3	362,466	360,234

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

A About Us

A1 Our organisation

These consolidated financial statements comprise UnitingCare Queensland and its controlled entities (the Group). The Group is a 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 in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, the *Uniting Church in Australia Act 1977* (Qld), the *Uniting Church in Australia Regulations*, the Uniting Church in Australia Queensland Synod By-Laws, and the UnitingCare Queensland Constitution.

Legal title to all real 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, helping people live life in all its fullness.

UnitingCare Queensland is domiciled in Australia.

The consolidated financial statements were authorised for issue by the Board of Directors on 1 October 2024.

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

A2 Our Financial Statements

A2.1 Basis of Preparation

These consolidated financial statements:

- are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs), other authoritative pronouncements issued by the Australian Accounting Standards Board, and the *Australian Charities and Not-for-profits Commission Act 2012*. In some circumstances, where permitted under the AASBs, the Group has elected to apply exemptions available to not-for-profit entities such as for volunteer services and concessional leases;
- have been prepared on the basis of historical cost, except for investment properties and financial assets which are measured at fair value;
- present all values in Australian dollars, which is the Group's functional currency, and have been rounded to the nearest thousand dollars, unless otherwise stated;
- adjust comparative balances, where applicable, to conform to changes in presentation for the current year; and
- do not early adopt any Australian Accounting Standards and Interpretations issued or amended but which are not yet effective.

A2.2 Statement of Compliance

The Group does not have 'public accountability' as defined in AASB 1053 *Application of Tiers of Australian Accounting Standards* (AASB 1053) and is therefore eligible to apply the 'Tier 2' reporting framework under the Australian Accounting Standards.

The financial statements comply with the recognition and measurement requirements of Australian Accounting Standards, the presentation requirements of those standards as modified by AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (AASB 1060) and the disclosure requirements of AASB 1060. Accordingly, the financial statements comply with Australian Accounting Standards – Simplified Disclosures.

UnitingCare Queensland

Notes to the consolidated financial statements

For the year ended 30 June 2024

A2 Our Financial Statements (continued)

A2.3 Basis of Consolidation

(a) Controlled entities

The Group controls an entity when it is exposed to, or has rights to, variable financial or non-financial 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 4.3.1.1):

- 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);
- Australian Regional and Remote Community Services Limited (NAPS ID 6871) (ABN 88 167 926 132); and
- Regional and Remote Indigenous Services Trust (ABN 12 290 854 684)

* 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. See Note G7 for ACNC Reporting Group disclosures.

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

The Group has incorporated two new companies, UCQ Limited (ABN 74 674 995 076) and UnitingCare Queensland Limited (ABN 84 675 001 493), for the purpose of transitioning the business of UnitingCare Queensland, UnitingCare Community, Blue Care, and UnitingCare Health into an incorporated structure from 1 July 2024. Both companies are registered as members of the UnitingCare QLD_ACNC Group. See Note G6 for information relating to the Group reorganisation.

(b) Transactions eliminated on consolidation

All intra-group balances and transactions, and any unrealised gains and losses from intra-group transactions, are eliminated in the preparation of the consolidated financial statements. 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.

A2.4 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 \$844,065,000 (2023: \$729,991,000). This mainly arises because of the requirement to classify ingoing contributions, refundable accommodation deposits (RADs) and accommodation bonds of \$944,326,000 (2023: \$882,435,000) as current liabilities.

Ingoing contributions, RADs and accommodation bonds are classified as current liabilities because the Group does not have an unconditional right to defer settlement of any specific balance for at least 12 months after the reporting date. The total ingoing contribution, RAD and accommodation bond liability represents the sum of separate payments from individual residents in different locations with differing circumstances, and frequently a departing resident may be replaced quickly by a new ingoing contribution, RAD or accommodation bond paying resident. The Group expects that, of the total ingoing contributions, RADs and accommodation bonds disclosed as a current liability, \$774,304,000 (2023: \$721,763,000) will not be repaid within 12 months (see Note C1.5).

Additionally, of the total employee benefits classified as a current liability, \$103,965,000 (2023: \$101,867,000) are expected to be settled after 12 months (see Note E1).

The Group has a cash advance facility of \$140,000,000 (2023: \$Nil) of which \$85,000,000 remains undrawn at 30 June 2024 (2023: \$Nil). This facility can be drawn upon to fund ingoing contributions, RADs and accommodation bond refunds should the Group experience significant RADs and bond net outflows. The Group also has a revolving bank guarantee facility of \$11,000,000 (2023: \$11,000,000) of which \$4,824,000 remains unused at 30 June 2024 (2023: \$4,763,000) (see Note D3).

UnitingCare Queensland
Notes to the consolidated financial statements
For the year ended 30 June 2024

A2 Our Financial Statements (continued)

A2.4 Going Concern (continued)

The Group's adjusted net current asset position is reflected as follows:

	2024	2023
	\$'000	\$'000
Net current asset deficiency	(844,065)	(729,991)
<i>Add back:</i> Incoming contributions and accommodation bonds not expected to be repaid within 12 months	774,304	721,763
<i>Add back:</i> Incoming contributions and accommodation bonds expected to be repaid within 12 months and replaced by new incoming contributions and accommodation bonds	170,022	160,672
<i>Add back:</i> Current employee benefits not expected to be settled within 12 months	103,965	101,867
Total adjusted net current asset position	204,226	254,311

A2.5 Economic Dependency

The Group is dependent on both State, Territory and Commonwealth Government subsidies and grants to fund its operations. The continued support and funding of community care and aged care program facilities by State, Territory and Commonwealth Governments are subject to regular reviews and accreditation requirements. The revenue from these Government entities is expected to continue in the foreseeable future. See Note G7.1 for information relating to government funding.

A2.6 Use of Critical Judgements, Estimates and Assumptions

In preparing these consolidated financial statements, the Board and management have made judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Information about critical accounting judgements, estimates and assumptions are included in the following notes:

Accounting judgements, estimates and assumptions

Deferred management fees	B1
Imputed DAP revenue on RAD and bond balances	B1
Expected credit losses on trade receivables	C1.1
Refundable accommodation deposits	C1.5
Estimated useful life of property, plant and equipment	C2
Classification of investment properties	C4
Fair value estimate of investment properties	C4
Construction work in progress	C4
Determination whether configuration and customisation services are distinct from software-as-a-service access	C5
Capitalisation of configuration and customisation costs in software-as-a-service arrangements	C5
Lease term and option renewals	D2
Incremental borrowing rates	D2
Annual and long service leave assumptions	E1

UnitingCare Queensland
Notes to the consolidated financial statements
For the year ended 30 June 2024

A2 Our Financial Statements (continued)

A2.7 Current and Non-current Classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or a cash equivalent unless being restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

A2.8 Comparatives

During the year the Group made the following reclassifications to the financial statements:

- i. Bequests (with performance obligations) were reclassified from revenue from contracts with customers to general bequests in other revenue as they do not contain sufficiently specific performance obligations.
- ii. Prior year software-as-a-service expense contained unrelated consulting expenses. These costs have been reclassified to the more appropriate expense accounts.
- iii. The Group has recognised imputed DAP revenue and interest expense on RAD and bond balances. Initial recognition has had no impact on the Group's net deficit.

Comparative amounts in the consolidated statement of profit or loss and other comprehensive income and in Note B1 and Note B2 were reclassified for consistency. The impact of this reclassification on previously reported comparative numbers is presented below:

	Previously reported \$'000	Adjustments \$'000	Reclassified \$'000
Bequests (with performance obligations) (i)	1,858	(1,858)	-
All other revenue from contracts with clients	1,855,119	-	1,855,119
Revenue from contracts with clients	1,856,977	(1,858)	1,855,119
Bequests (i)	4,601	1,858	6,459
Imputed DAP revenue on RAD and bond balances under AASB 16 (iii)	-	16,488	16,488
All other income	74,967	-	74,967
Other income	79,568	18,346	97,914
Total revenue	1,936,545	16,488	1,953,033
Consulting and professional fees (ii)	(59,238)	(13,764)	(73,002)
Software-as-a-service expense (ii)	(40,564)	13,764	(26,800)
All other expenses	(49,468)	-	(49,468)
Total other expenses	(149,270)	-	(149,270)
Imputed interest expense on RAD and bond balances under AASB 16 (iii)	-	(16,488)	(16,488)
All other finance costs	(4,462)	-	(4,462)
Total finance costs	(4,462)	(16,488)	(20,950)
All other expenses	(1,851,689)	-	(1,851,689)
Total expenses	(2,005,421)	(16,488)	(2,021,909)

UnitingCare Queensland
Notes to the consolidated financial statements
For the year ended 30 June 2024

A2 Our Financial Statements (continued)

A2.9 Goods and Services Tax (GST)

The net amount of GST recoverable from, or payable to, the Australian Taxation Office (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.

A2.10 Income Taxes

No provision for income tax has been made as the Group and each of the not-for-profit entities that comprise the Group is exempt from income tax under Division 50 of the *Income Tax Assessment Act (1997)* and have been so endorsed by the Commissioner of Taxation.

A2.11 Fair Work Commission Aged Care Sector Wage Increases

As part of the Fair Work Commission's Aged Care Work Value Case (Stage 2), an agreement was made to increase the award rates for certain roles working in the aged care sector by 15% effective from 30 June 2023 and included the following roles:

- Nursing Assistants, Enrolled Nurses, Nurse Practitioners and Registered Nurses working in aged care facilities and in the community;
- Personal Carers and Allied Health Assistants working in aged care facilities and in the community;
- Activities Officers, Diversional Therapists, Leisure and Lifestyle Team Leaders and Co-ordinators working in aged care facilities; and
- The most senior food services employee working at aged care facilities.

In March 2024, the Fair Work Commission's Aged Care Work Value Case (Stage 3) announced increases to direct care roles of up to 28% (inclusive of the 15% previously awarded through Stage 2), and an increase of 3% for indirect care workers. The date of application of Stage 3 increases differs depending on the role, with indirect care workers receiving 100% of the increase from the first full pay period after 1 January 2025, and others receiving 50% from the first full pay period after 1 January 2025, and the remaining 50% from the first full pay period after 1 January 2026.

The Stage 3 increases apply to the following roles:

- Direct Care roles working in an aged care facility, including Personal Carers and Activities and Lifestyle Officers;
- Nursing Assistants covered by the Nurses Award 2020;
- Certain Personal Care roles working in the community; and
- Indirect care roles working in an aged care facility, including Administration, Maintenance and Gardening.

The Federal Government has committed to funding these increases. In addition to the Work Value Case increases, the Fair Work Commission has decided to increase award rates of pay by 3.75% from the first full pay period after 30 June 2024 as part of its annual minimum award rate review decision. These increases apply across all awards and are not limited to specific roles.

These wage increases have been factored into the Group's annual and long service leave valuation models at 30 June 2024 (see Note E1).

UnitingCare Queensland
Notes to the consolidated financial statements
For the year ended 30 June 2024

B Our Performance

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

B1 Revenue and other income

	2024	2023¹
	\$'000	\$'000
Revenue from contracts with clients		
Aged care and community services	957,102	807,821
Hospital patient services	598,590	558,206
Family services (grant funded programs)	196,648	143,464
Recoverable revenue (prosthesis)	122,090	117,925
National Disability Insurance Scheme (NDIS) services	60,622	77,208
Lifeline sales	64,358	59,917
Hospital viability subsidy	-	13,236
Daily accommodation payments (DAP)	58,870	53,653
Deferred management fees (DMF)	16,401	15,523
Other hospital revenue	7,846	7,666
Other revenue	580	500
Total revenue from contracts with clients	2,083,107	1,855,119
Other income		
Other not-for-profit income		
Capital grants	12,706	16,634
Fundraising and donations	5,911	5,511
Bequests	7,086	6,459
Lessor income		
Lessor income	21,821	20,003
Gain on sale of assets		
Gain on sale of property, plant and equipment ²	6,719	17,744
Fair value movements		
Fair value loss on resident loans ³	(13,756)	(7,803)
Other income		
Investment income	982	1,547
Impairment reversals	2,246	-
Other income	2,305	6,917
Interest income		
Uniting Church Investment Services (UCIS)	7,904	8,271
Imputed DAP revenue on RAD and bond balances under AASB 16	21,081	16,488
Other interest	8,935	6,143
Total other income	83,940	97,914

¹ The comparative information related to certain revenue items has been reclassified. Refer to Note A2.8 for more information.

² During the financial year the Group entered into one sale and leaseback transaction. A net gain of \$6,037,000 was recognised and proceeds of \$7,443,000 were received. The Group entered into a short-term lease agreement with the buyer-lessor and did not recognise a right of use asset or lease liability.

³ Fair value movement on resident loans can fluctuate annually between a gain or loss. For disclosure purposes this item is classified as other income.

UnitingCare Queensland
Notes to the consolidated financial statements
For the year ended 30 June 2024

B1 Revenue and other income (continued)

Accounting judgements, estimates and assumptions

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.
Imputed DAP revenue on RAD and bond balances	The Group has determined the use of the Maximum Permissible Interest Rate (MPIR) prevailing at the date of admission as the interest rate to be used in the calculation of the imputed DAP revenue on RAD and bond balances. The MPIR is a rate set by the Government and is used to calculate the DAP to applicable residents.

Material accounting policies

(a) Revenue from contracts with clients

Revenue is measured based on the consideration the entity expects to be entitled to in exchange for transferring promised goods or services as specified in a contract with a client. The Group recognises revenue when it transfers control over a good or provides a 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 *Revenue from Contracts with Customers* (AASB 15). Otherwise, revenue 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 Home Care Packages (HCP), Commonwealth Home Support Programme (CHSP), residential funding under Australian National Aged Care Classification (AN-ACC), 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 (see Note C1.1).</p>
Family services (grant funded programs)	<p>Grants are received for the funding of family, aged care and community 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 (see Note 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 or in arrears.</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>

UnitingCare Queensland
Notes to the consolidated financial statements
For the year ended 30 June 2024

B1 Revenue and other income (continued)

Material accounting policies (continued)

(a) Revenue from contracts with clients (continued)

Type of good or service	Revenue recognition policies including nature and timing of satisfaction of performance obligations and significant payment terms
NDIS services	<p>The Group provides services to clients under the National Disability Insurance Scheme (NDIS) as identified in individual contracts. After the provision of the agreed services, the Group may submit a claim through the National Disability Insurance Agency (NDIA) 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>
Lifeline sales	<p>The Group sells new and second-hand goods at its network of Lifeline stores, including online. Goods sold in store come with a 14-day right of return. Goods sold online come with a 60-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 (DAP)	<p>The Group has assessed its resident agreements relating to residential aged care accommodation arrangements to be leases under AASB 16 <i>Leases</i> (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>
Deferred management fees (DMF)	DMFs are amounts retained as income from ingoing contributions 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) Capital grants

For capital grants received under an enforceable agreement where it includes a transfer to enable the Group to acquire or construct a recognisable non-financial asset to identified specifications which will be controlled by the Group when completed, the Group recognises a liability for the excess of the fair value of the transfer over any related amounts recognised, and recognises income as it satisfies its obligations under the transfer (see Note C1.6).

As the capital grants received by the Group are primarily for the construction of buildings, the Group recognises income as the buildings are constructed (when it satisfies its obligations).

(ii) 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.

(c) Lessor income

Other lessor income includes lease payments from operating leases recognised on a straight-line basis over the lease term in accordance with AASB 16. Other lessor income also includes hospital car park income.

UnitingCare Queensland
Notes to the consolidated financial statements
For the year ended 30 June 2024

B1 Revenue and other income (continued)

Material accounting policies (continued)

(d) 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.

(e) Imputed DAP revenue on RAD and bond balances

Accommodation services provided to residents who have chosen to pay a RAD or accommodation bond are accounted for as a lease under AASB 16. The Group has recognised as revenue an imputed non-cash charge for accommodation representing the resident's right to occupy a room under the arrangement. The accounting treatment results in a non-cash increase in revenue for accommodation and a non-cash increase in finance costs on the outstanding RAD and accommodation bond balance, with no net impact on profit and loss for the year.

See Note B2 for imputed interest expense on RAD and bond balances.

(f) Sale and leaseback transactions

When the Group sells and leases back the same asset, the accounting treatment depends on whether the control of the asset has been transferred to the buyer and whether the lease is not exempt from the recognition requirements of AASB 16:

- If so, the Group measures the right of use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the rights retained by the Group as a seller-lessee. Accordingly, the Group recognises only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor;
- If not, as a seller-lessee the Group continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds.

(g) Unrecognised revenue

(i) Volunteer services

The Group regularly receives volunteer services as part of its operations. Under AASB 1058, private sector not-for-profit entities have a policy option to account for donated services at fair value if the fair value can be reliably measured. The Group has elected not to recognise the receipt of volunteer services as revenue as the fair value cannot be measured reliably.

(ii) Donated inventories

As part of its operations, the Group receives donations of second-hand goods which may then be used in its activities. AASB 102 *Inventories* (AASB 102) requires donated inventories to be measured at current replacement cost and any related amounts to be accounted for under AASB 1058.

The Group has decided to make use of the practical expedient under AASB 102 and apply the materiality assessment at the individual item level (instead of the portfolio level) when recognising donated inventories. Based on an assessment, the Group has noted that it only receives individually immaterial donations of inventory and accordingly will not be required to recognise such donated inventories. Accordingly, no amounts are recognised in the financial statements for donated inventories (see Note C1.2).

UnitingCare Queensland
Notes to the consolidated financial statements
For the year ended 30 June 2024

B2 Expenses

	2024	2023¹
	\$'000	\$'000
Supplies and services expenses		
Patient services and supplies	256,890	242,057
Resident services and supplies	88,175	82,797
Cleaning and housekeeping	34,249	26,980
Other supplies and services ²	60,651	35,575
Total supplies and services expenses	439,965	387,409
Property expenses		
Repairs and maintenance expense	68,689	62,572
Communications and utilities expense	36,223	32,905
Motor vehicle expense	14,738	15,179
Rates and taxes	8,417	9,256
Property insurance	11,528	9,872
Rental expense	9,607	7,279
Other property expense	4,409	6,706
Impairment expense	587	429
Total property expenses	154,198	144,198
Other expenses		
Consulting and professional fees	78,553	73,002
Software-as-a-service expense	20,981	26,800
Business expenses	20,833	24,166
Administrative and other expenses	21,525	15,982
Stewardship expenses	9,320	9,320
Total other expenses	151,212	149,270
Finance costs		
Interest expense	1,079	1,163
Bank charges and fees	1,560	1,199
Imputed interest expense on RAD and bond balances under AASB 16 ³	21,081	16,488
Interest expense on leases under AASB 16	3,931	2,100
Interest expense on bank loans	1,197	-
Total finance costs	28,848	20,950

¹ The comparative information related to certain expense items has been reclassified. Refer to Note A2.8 for more information.

² Includes brokerage fees incurred under the Escaping Violence Program of \$48,380,000 (2023: \$23,407,000).

³ See Note B1 for accounting policy information relating to imputed interest expense on RAD and bond balances under AASB 16.

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;
- Other expenses include external contractors, consulting and professional fees, software-as-a-service expenses, stewardship and general business and administrative expenses; and
- Finance costs comprise interest expense on lease liabilities and bank loans recognised using the effective interest method, imputed interest expense on RAD and bond balances under AASB 16, and bank fees.

UnitingCare Queensland
Notes to the consolidated financial statements
For the year ended 30 June 2024

B3 Cash and cash equivalents

	2024	2023
	\$'000	\$'000
Cash on hand	132	134
Cash at bank	144,951	142,607
Deposits – UCIS	182,383	192,493
Deposits – other	35,000	25,000
Total cash and cash equivalents	362,466	360,234
Restricted balances included within cash and cash equivalents		
Grant agreements and donations	25,759	29,797
<i>Restricted funds held under Retirement Villages Act 1999</i>		
Capital replacement funds	13,071	3,603
Maintenance reserve funds	6,275	6,347
General services funds	637	668
Total restricted balances	45,742	40,415

The above balances are restricted in use for certain purposes defined in either a grant agreement, trust agreement or other externally imposed requirements. The *Retirement Villages Act 1999* imposes statutory restrictions over all amounts held in capital replacement funds, maintenance reserve funds, and general services funds, which restricts the use for which these funds can be applied. These amounts must be held separately. 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".

Material accounting policies

(a) Cash and cash equivalents

Cash and cash equivalents comprise any cash balances, short-term bills and call deposits that are readily convertible to cash. Cash and cash equivalents are carried at the face value of the amounts deposited. For the purposes of the statement of cash flows, cash and cash equivalents are as defined above.

UnitingCare Queensland
Notes to the consolidated financial statements
For the year ended 30 June 2024

B3 Cash and cash equivalents (continued)

Reconciliation of deficit to net cash flow from operating activities

	2024	2023
	\$'000	\$'000
Deficit for the year	(97,753)	(57,696)
Depreciation and amortisation expense	130,937	119,707
Capital grants from government	(12,706)	(16,634)
Write-offs and impairment expense	587	429
Impairment reversals	(2,246)	-
Gain on sale of property, plant and equipment	(6,719)	(17,744)
Fair value loss on resident loans	13,756	7,803
Deferred management fee revenue and retentions	(16,401)	(15,523)
Share of profit in joint ventures	(655)	(929)
Change in fair value of investment properties	(10,338)	(10,251)
Fair value gain on financial assets at Fair Value through Profit or Loss (FVTPL)	(514)	(393)
Investment income	(982)	(517)
Non-cash transactions included in the surplus for the year	1,424	938
Change in operating assets and liabilities:		
Decrease/(Increase) in trade and other receivables	2,465	(22,558)
Decrease/(Increase) in prepayments	2,201	(2,060)
(Increase) in inventories	(1,989)	(840)
Decrease/(Increase) in other assets	4,661	(299)
(Decrease)/Increase in trade and other payables	(6,668)	21,025
(Decrease) in other liabilities	(3,625)	(28,941)
Increase in employee benefits and other provisions	6,018	14,358
Net cash inflow/(outflow) from operating activities	1,453	(10,125)

UnitingCare Queensland
Notes to the consolidated financial statements
For the year ended 30 June 2024

C Our Operating Base

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

C1 Working Capital

C1.1 Trade and other receivables

	2024	2023
	\$'000	\$'000
Trade receivables	100,118	100,727
Loss allowance	(12,826)	(9,605)
	87,292	91,122
Contract receivables	17,663	15,003
Other receivables	7,822	6,210
GST recoverable	4,847	7,755
Total trade and other receivables	117,624	120,090
	Current - 90	90+ days
	days past	past due
	due	
	\$'000	\$'000
30 June 2024		
Gross carrying amount - trade receivables	77,096	23,022
Loss allowance	(2,363)	(10,463)
	74,733	12,559
30 June 2023		
Gross carrying amount - trade receivables	76,377	24,350
Loss allowance	(1,881)	(7,724)
	74,496	16,626

Contract receivables include accrued hospital income for patients not yet invoiced. It also includes Home Care Package (HCP) funding not yet received for services provided to clients.

The nature of the trade receivables profile is that there is no concentration of credit risk with any single client. The closing loss allowances for trade receivables and contract assets reconcile to the opening loss allowances as follows:

	2024	2023
	\$'000	\$'000
Opening loss allowance at the start of the year	9,605	8,239
Increase in loss allowance recognised in profit or loss during the year	4,091	4,700
Receivables written off during the year as uncollectible	(718)	(2,993)
Unused amount reversed	(152)	(341)
Closing loss allowance at the end of the year	12,826	9,605

Accounting judgements, estimates and assumptions

Expected credit losses on trade receivables	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 2024 and 30 June 2023 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.
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UnitingCare Queensland
Notes to the consolidated financial statements
For the year ended 30 June 2024

C1 Working Capital (continued)

C1.1 Trade and other receivables (continued)

Material 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 in the statement of profit or loss and other comprehensive income. 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.

(c) 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, or as Home Care Package (HCP) services are provided to clients but funding has not yet been received (see Note B1).

C1.2 Inventories

	2024	2023
	\$'000	\$'000
Medical supplies	18,250	17,092
Other	4,842	4,011
Total current inventories	23,092	21,103

The cost of inventories recognised as an expense during the year was \$236,235,000 (2023: \$223,140,000). This predominantly relates to medical items and prosthetics.

The Group has not recognised any impairment losses in profit or loss on inventories during the year (2023: \$Nil).

Material accounting policies

(a) Inventories

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 as an asset (see Note B1).

UnitingCare Queensland
Notes to the consolidated financial statements
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C1 Working Capital (continued)

C1.3 Other assets

	2024	2023
Current	\$'000	\$'000
Prepayments	19,584	21,785
Accrued income	7,566	12,534
Deferred consideration	16,184	4,454
Other current assets	192	284
Total other current assets	43,526	39,057
Non-current		
Funds held in trust	2,446	2,350
Deferred consideration	-	11,331
Total other non-current assets	2,446	13,681

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.

Deferred consideration includes consideration receivable for the sale of two properties to the Uniting Church in Australia Property Trust (Q.) of \$4,454,000 and \$11,730,000 respectively. These have been disclosed as related party receivables at G4.2.

Material accounting policies

(a) Deferred consideration

Deferred consideration comprises amounts due for sales of financial or non-financial assets. Deferred consideration expected to be settled within 12 months is recognised initially at the transaction price. Where deferred consideration is expected to be settled after 12 months, the transaction price is discounted. The discount is recognised as other interest income in the statement of profit or loss and other comprehensive income (see Note B1).

C1.4 Trade and other payables

	2024	2023
Current	\$'000	\$'000
Trade payables	79,454	85,165
Accrued expenses	84,270	84,911
Other payables	3,440	3,756
Total current trade and other payables	167,164	173,832
Non-current		
Maintenance reserve funds	6,547	6,447
Total non-current trade and other payables	6,547	6,447

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 budget of the fund is set annually by an external quantity surveyor and drawn down as the allowed items are incurred.

UnitingCare Queensland
Notes to the consolidated financial statements
For the year ended 30 June 2024

C1 Working Capital (continued)

C1.5 Incoming contributions, RADs and accommodation bonds

	2024	2023
	\$'000	\$'000
Expected to be paid within 12 months		
Incoming contributions	37,488	37,315
RADs and accommodation bonds	132,534	123,357
	<u>170,022</u>	<u>160,672</u>
Not expected to be paid within 12 months		
Incoming contributions	530,219	513,061
RADs and accommodation bonds	244,085	208,702
	<u>774,304</u>	<u>721,763</u>
Total incoming contributions, RADs and accommodation bonds	<u>944,326</u>	<u>882,435</u>

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

Accounting judgements, estimates and assumptions

Refundable accommodation deposits	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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Material accounting policies

(a) Incoming 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. They are recognised at fair value with resulting fair value adjustments recognised in profit or loss. Fair value is the amount payable on demand and is measured at the principal amount plus the residents share of any increase in the market value of the occupied unit (for contracts that contain a capital gain share clause) less deferred management fees contractually accruing up to reporting date.

They are repayable on demand and classified as current liabilities because the Group does not have an unconditional right to defer settlement of any specific balance for at least 12 months after the reporting date. 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.

This classification does not reflect the expected annual net movement of cash received from the receipt and refund of accommodation balances over the normal course of business.

(b) RADs

RADs are repayable on demand and are classified as current liabilities because the Group does not have an unconditional right to defer settlement of any specific balance for at least 12 months after the reporting date. This classification does not reflect the expected annual net movement of cash received from the receipt and refund of accommodation balances over the normal course of business.

RADs 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. Retentions may take the form of DAPs, interest on unpaid amounts, additional service fees, and any other fees drawn from the RAD balances, and are not discounted. DAPs are accounted for under AASB 16 (see Note B1).

Interest is payable to residents on RADs from the date of the resident's death or departure to the date of repayment. Interest is charged on RADs and fees that are received after their due date.

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

UnitingCare Queensland
Notes to the consolidated financial statements
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C1 Working Capital (continued)

C1.6 Other liabilities

	2024	2023
	\$'000	\$'000
Current		
Grant funding liabilities	35,259	31,395
Contract liabilities	-	8,096
Construction obligation	28,606	18,523
Deferred revenue	3,968	3,967
Unearned income	3,556	3,573
Other current liabilities	2,166	1,543
Total other current liabilities	73,555	67,097
Non-current		
Deferred revenue	36,962	35,730
Construction provision	13,773	-
Unearned income	7,682	7,842
Total other non-current liabilities	58,417	43,572

Unearned income includes a lease to Wesley Research Institute Limited for a 99-year period that has been prepaid of \$8,495,000 (2023: \$8,665,000). This lease does not have an option to renew or purchase the underlying asset at the expiry of the lease period. The Group has assessed this as an operating lease as it does not transfer substantially all of the risks and rewards incidental to ownership of the underlying asset.

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

Material 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 or returned to the funder unless otherwise agreed (see Note B1).

(b) Contract liabilities

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

(c) Construction obligation

A construction obligation is recognised for capital grants received for which there is an unfulfilled construction obligation (see Note B1).

(d) Construction provision

Construction has commenced on the Sunrise Beach Retirement Village. The Group has appointed an external development manager who is responsible for funding the development and bears the development and construction risk. In consideration, the development manager will receive a development fee equal to the entry fee paid by each first resident of the completed village. The Group has the right to terminate the development during construction at which point it would become liable for construction costs incurred to date. Whilst it is considered unlikely that any liability will become payable for early termination, the Group has determined that it has an irrevocable obligation for costs incurred at reporting date. A construction provision is recognised for estimated construction costs incurred to date on the Sunrise Beach Retirement Village development (see Note C4).

UnitingCare Queensland
Notes to the consolidated financial statements
For the year ended 30 June 2024

C2 Property, plant and equipment

	Work in progress \$'000	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000
2024				
Cost	57,332	1,421,833	708,298	2,187,463
Accumulated depreciation	-	(662,383)	(476,034)	(1,138,417)
Carrying amount at 30 June 2024	57,332	759,450	232,264	1,049,046
Carrying amount at 1 July 2023	105,686	723,534	223,952	1,053,172
Additions	106,871	7,620	23,811	138,302
Disposals and derecognitions	(3,243)	(1,958)	(1,959)	(7,160)
Transfers: from work in progress	(151,395)	85,531	38,551	(27,313)
Transfers: to assets held for sale	-	(5,217)	-	(5,217)
Transfers: between asset classes	-	(3,094)	3,094	-
Depreciation	-	(46,966)	(55,185)	(102,151)
Impairment	(587)	-	-	(587)
Carrying amount at 30 June 2024	57,332	759,450	232,264	1,049,046
2023				
Cost	105,686	1,344,260	655,393	2,105,339
Accumulated depreciation	-	(620,726)	(431,441)	(1,052,167)
Carrying amount at 30 June 2023	105,686	723,534	223,952	1,053,172
Carrying amount at 1 July 2022	91,031	690,482	205,641	987,154
Additions	116,270	29,197	27,806	173,273
Disposals and derecognitions	-	(6,038)	(1,269)	(7,307)
Transfers: from work in progress	(101,186)	58,697	23,126	(19,363)
Transfers: to investment properties	-	(3,945)	-	(3,945)
Transfers: to assets held for sale	-	(1,491)	-	(1,491)
Transfers: from intangibles	-	-	22,633	22,633
Transfers: between asset classes	-	2,377	(2,377)	-
Depreciation	-	(45,745)	(51,608)	(97,353)
Impairment	(429)	-	-	(429)
Carrying amount at 30 June 2023	105,686	723,534	223,952	1,053,172

Certain transfers out of work in progress have been recognised as additions to investment properties and intangible assets in Note C4 and Note C5. In addition, \$5,217,000 (2023: \$1,491,000) of land and buildings have been classified as held for sale. The Group expects to complete the sales within the next 12 months. The Group has not recognised any impairment losses in respect of the land and buildings classified as held for sale.

Contractual commitments for the acquisition of property plant and equipment are disclosed at Note C2.1.

Property plant and equipment pledged as security

Freehold land and buildings with a carrying amount of \$165,839,000 (2023: \$58,941,000) have been pledged as security for the ANZ cash advance facility that was entered into during the year. The Group is not allowed to pledge these assets as security for other borrowings or to sell them to another entity without the approval from the ANZ Banking Group Limited (see Note D3).

As at 30 June 2024, freehold land and buildings with a carrying amount of \$3,631,000 (2023: \$3,805,000) 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, freehold land and buildings with a carrying amount of \$330,000 (2023: \$377,000) have been pledged to the Commonwealth Government to secure grant funding under a mortgage.

In total, property, plant and equipment of \$3,961,000 (2023: \$4,182,000) which is 0.4% (2023: 0.4%) of total property, plant and equipment, has been or will be pledged to secure government grants.

UnitingCare Queensland
Notes to the consolidated financial statements
For the year ended 30 June 2024

C2 Property, plant and equipment (continued)

Accounting judgements, estimates and assumptions

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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Material 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.

Assets whose carrying amounts will be recovered principally through a sale transaction rather than through continuing use are classified as assets held for sale. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. For a sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset, an active program to locate a buyer and complete the plan must have been initiated, and the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

(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 depreciation expense is recognised in 'depreciation and amortisation expenses' in the statement of profit or loss and other comprehensive income.

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

- | | |
|--|----------------|
| - Buildings and improvements | Up to 50 years |
| - Plant and equipment | 1 to 50 years |
| - Motor vehicles (included in plant and equipment) | 1 to 10 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)

Material 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 Commitments for capital expenditure

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

	2024	2023
	\$'000	\$'000
Not later than one year		
Buildings	18,604	41,443
Plant and equipment	988	10,812
Contractors and consultants	1,322	5,132
	20,914	57,387
Later than one year and not later than five years		
Buildings	974	416
Total capital expenditure commitments	21,888	57,803

C3 Right of use assets

	Land and buildings	Motor vehicles	Other assets	Total
	\$'000	\$'000	\$'000	\$'000
2024				
Cost	125,054	8,134	3,554	136,742
Accumulated depreciation	(56,174)	(3,317)	(3,537)	(63,028)
Carrying amount at 30 June 2024	68,880	4,817	17	73,714
Carrying amount at 1 July 2023	30,866	2,257	34	33,157
Additions	10,532	4,619	-	15,151
Depreciation	(16,950)	(2,059)	(17)	(19,026)
Lease modifications	42,186	-	-	42,186
Impairment reversal	2,246	-	-	2,246
Carrying amount at 30 June 2024	68,880	4,817	17	73,714
2023				
Cost	85,618	4,541	3,554	93,713
Accumulated depreciation	(54,752)	(2,284)	(3,520)	(60,556)
Carrying amount at 30 June 2023	30,866	2,257	34	33,157
Carrying amount at 1 July 2022	29,123	1,973	95	31,191
Additions	13,852	1,616	-	15,468
Depreciation	(12,109)	(1,332)	(61)	(13,502)
Carrying amount at 30 June 2023	30,866	2,257	34	33,157

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C3 Right of use assets (continued)

During the year the Group implemented a new property lease management system and has remeasured its lease liability (with adjustments to the related right of use asset) to reflect changes to lease terms of individual leases, changes in indexes and rates, and modifications to leases that were not accounted for as separate leases.

Right of use assets pledged as security

Motor vehicle right of use assets with a carrying amount value of \$4,817,000 (2023: \$2,257,000) are pledged as security under the terms of the lease (see Note D2).

Material accounting policies

(a) Recognition and measurement

The Group recognises right of use assets at the commencement date of the lease which is when the underlying asset is available for use. Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised (see Note D2), initial direct costs incurred (if any), and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to be able to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight line basis over the shorter of the estimated useful life of the assets and the lease term. The depreciation expense is recognised in the 'Depreciation and amortisation expenses' in the statement of profit or loss and other comprehensive income. Right of use assets are subject to impairment testing.

C4 Investment properties

	Work in progress \$'000	Investment properties \$'000	Total \$'000
Fair value at 1 July 2023	-	636,227	636,227
Additions	13,773	10,396	24,169
Disposals and derecognitions	-	(379)	(379)
Change in fair value of investment properties	-	10,338	10,338
Fair value at 30 June 2024	13,773	656,582	670,355
Fair value at 1 July 2022	-	613,039	613,039
Additions	-	12,937	12,937
Change in fair value of investment properties	-	10,251	10,251
Fair value at 30 June 2023	-	636,227	636,227
Amounts recognised in consolidated statement of profit or loss and other comprehensive income		2024 \$'000	2023 \$'000
Deferred management fees		16,401	15,523
Change in fair value of investment properties		10,338	10,251
Valuation reconciliation:			
Fair value of investment properties		656,582	636,227
Less:			
Incoming contributions		(449,555)	(438,654)
Deferred revenue		(34,010)	(33,483)
Valuation		173,017	164,090

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, 3 investment properties have been independently valued during the year ended 30 June 2024 (2023: 2). The remainder of the investment property portfolio is measured using the Group's internal valuation model.

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C4 Investment properties (continued)

Investment properties pledged as security

Freehold land with a carrying amount of \$4,237,000 (2023: \$3,945,000) has been pledged to Keyton Retirement Villages as security for the Sunrise Beach Retirement Village development. The Group is not allowed to pledge these assets as security for other borrowings or sell them without the approval from Keyton. See Note G5 for further information relating to the development.

Accounting judgements, estimates and assumptions

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
		2024	2023	
	Expected market growth	2.6% to 3.5%	2.5% to 3.5%	Fair value increases with higher expected market growth
	Average length of stay	3.9 to 13.7 years	5.0 to 13.7 years	Fair value decreases with higher length of stay
	Risk adjusted discount rates	13.0% to 16.0%	13.0% to 16.5%	Fair value increases with lower discount rate
Construction work in progress	Management uses an off the plan construction cost estimate performed by an independent valuer, and a stage of completion report provided by the developer, to estimate the value of capital work in progress at reporting date (see Note C1.6).			

Material accounting policies

(a) Recognition and measurement

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 properties are 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 properties are measured at fair value with any change therein recognised in the consolidated statement of profit or loss and other comprehensive income.

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.

On initial valuation of the resort style retirement villages as investment properties on 1 July 2018, the difference at the date of change between carrying value and fair value was recognised in other comprehensive income and created the properties revaluation reserve. On subsequent disposal of an investment property, the properties revaluation reserve relating to that property will be reclassified to accumulated funds. 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 expected period of the resident occupancy in line with AASB 16 (see Note B1).

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C5 Intangible assets

	2024	2023
	\$'000	\$'000
Computer software		
Cost	184,553	166,839
Accumulated amortisation	(147,824)	(139,961)
Carrying amount at the end of the year	36,729	26,878
Computer software		
Carrying amount at the start of the year	26,878	38,968
Additions	225	661
Transfers: from work in progress	19,386	18,818
Transfers: to property plant and equipment	-	(22,633)
Transfers: to operating expenses	-	(84)
Amortisation	(9,760)	(8,852)
Carrying amount at the end of the year	36,729	26,878

During the year ended 30 June 2024, the Group carried the following significant intangible assets: client management systems (myCMS and Alayacare). The carrying value related to these intangible assets at year-end was \$7,747,000 and is expected to be amortised between four to eight years.

The Group has intangible assets in the form of residential aged care places which are a right to operate a bed. They are issued by the Commonwealth 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. The Commonwealth Government has discontinued the requirement for aged care providers to hold bed licenses from 1 July 2024 onwards.

Accounting judgements, estimates and assumptions

Determination whether configuration and customisation services are distinct from software-as-a-service access	<p>Implementation costs including costs to configure or customise the cloud provider's application software are recognised when the services are received.</p> <p>Where the software-as-a-service (SaaS) arrangement supplier provides both configuration and customisation services, judgement has been applied to determine whether each of these services are distinct or not from the underlying use of the SaaS application software. Distinct configuration and customisation costs are expensed as incurred when the software is configured or customised. Non-distinct configuration and customisation costs are expensed over the SaaS contract term.</p> <p>Non-distinct customisation activities may significantly enhance or modify a SaaS cloud-based application. Judgement has been applied in determining whether the degree of customisation and modification of the SaaS cloud-based application is significant or not.</p>
Capitalisation of configuration and customisation costs in software-as-a-service arrangements	<p>In implementing SaaS arrangements, the Group has developed software code that either enhances, modifies or creates additional capability to the existing owned software. This software is used to connect with the SaaS arrangement's cloud-based application.</p> <p>Judgement has been applied in determining whether the changes to the owned software meets the definition and recognition criteria for an intangible asset in accordance with AASB 138 <i>Intangible Assets</i>.</p>

C5 Intangible assets (continued)

Material accounting policies

(a) Recognition and measurement

Expenditure on research activities is recognised in the consolidated statement of profit and loss and other comprehensive income when 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 to be able 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 recognised in profit and loss. The amortisation expense is recognised in 'depreciation and amortisation expenses' in the statement of profit or loss and other comprehensive income.

The estimated useful life for software development costs is 1 to 15 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.

(e) Software-as-a-service arrangements

Software-as a service (SaaS) arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud providers application software, are recognised as operating expenses when the services are received.

Costs incurred for the development of software code that enhances or modifies, or creates additional capability of, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The useful lives of these assets are reviewed at least at the end of each financial year, and any change accounted for prospectively as a change in accounting estimate. Judgement is required to determine whether the additional code meets the definition of an intangible asset.

When the SaaS arrangement supplier provides both the configuration and customisation services, and the SaaS access over the contract term, judgement is required to determine whether these services are distinct or not from each other. Distinct configuration and customisation costs are expensed as incurred as the software is configured or customised (i.e. upfront). Non-distinct configuration and customisation costs are expensed over the SaaS contract term (i.e. as a prepayment).

Non-distinct customisation activities may significantly enhance or modify a SaaS cloud-based application. Judgement is required in determining whether the degree of customisation and modification of the SaaS cloud-based application is significant or not.

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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

	2024	2023
	\$'000	\$'000
Investments in financial assets measured at fair value through profit or loss (FVTPL)	4,485	2,299
Investments in debt instruments classified as fair value through other comprehensive income (FVOCI)	15,332	14,725
Investments in equity instruments classified as fair value through other comprehensive income (FVOCI)	21,609	20,534
Total financial assets	41,426	37,558

Amounts recognised in profit or loss and other comprehensive income

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

Income recognised in other comprehensive income

Related to equity investments	2,702	3,620
Related to debt investments	117	8
Total income recognised in other comprehensive income	2,819	3,628

Income recognised in profit or loss

Related to debt investments (classified as other expenses)	514	393
Dividends from equity investments held at FVOCI recognised in other income	490	594
Total income recognised in profit or loss	1,004	987

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.

Material accounting policies

(a) Recognition and initial measurement

Debt and 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 fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Classification

On recognition, a financial asset is classified as measured at:

- Amortised cost;
- Fair value through profit or loss;
- Debt instruments at fair value through other comprehensive income;
- Equity instruments at fair value through other comprehensive income.

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.

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D1 Financial assets (continued)

Material accounting policies (continued)

(b) Classification and subsequent measurement

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.

A debt instrument 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.

An equity instrument is measured at FVOCI if on initial recognition it is not held for trading and the Group makes an irrevocable election to present subsequent changes in the investment's fair value in other comprehensive income. 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 at reporting date.

Subsequent measurement, 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.

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D2 Lease liabilities

	2024	2023
	\$'000	\$'000
Current		
Lease liabilities	19,127	14,615
Total current lease liabilities	19,127	14,615
Non-current		
Lease liabilities	62,904	24,817
Total non-current lease liabilities	62,904	24,817
Interest expense (included in finance costs)	3,931	2,100
Expense relating to short-term leases (included in property expenses)	3,560	8,045

Total cash outflows for leases (excluding short-term leases) for the year ended 30 June 2024 was \$21,453,000 (2023: \$17,360,000). During the year the Group implemented a new property lease management system and has remeasured its lease liability (with adjustments to the related right of use asset) to reflect changes to lease terms of individual leases, changes in indexes and rates, and modifications to leases that were not accounted for as separate leases.

Accounting judgements, estimates and assumptions

Lease term and option renewals	<p>The lease term is determined to be the non-cancellable term of a lease, together with any periods covered by an option to extend if it is reasonably certain to be exercised.</p> <p>Where the Group has the option to extend a lease for additional terms, judgement is applied in evaluating whether it is reasonably certain to exercise the option to renew, taking into account relevant factors that create an economic incentive to exercise the renewal option. After commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not exercise) the option to renew.</p>
Incremental borrowing rates	<p>Where the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to calculate the present value of future lease payments. The Group estimates the IBR using market interest rates and adjusts these rates to include the effect of its own stand-alone credit rating.</p>

Material accounting policies

(a) Identification of lease

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.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

(b) Recognition and measurement

Lease liabilities are initially measured at the present value of the lease payments to be made over the lease term that have not paid at the commencement date, discounted using the Group's incremental borrowing rate (IBR) if the interest rate implicit in the lease cannot be determined. Lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. Variable payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

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D2 Lease liabilities (continued)

Material accounting policies (continued)

(b) Recognition and measurement (continued)

After commencement date, the carrying amount of lease liabilities is increased to reflect the accretion of interest and reduced for lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments, or a change in the assessment to purchase the underlying asset. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in consolidated statement of profit and loss and other comprehensive income if the carrying amount of the right of use asset has been reduced to zero.

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.

(c) Concessionary leases

The Group has applied the option to measure these leases at cost in accordance with AASB 16 and expenses them on a straight-line basis when incurred.

(d) Lessor accounting

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 'lessor income' (see Note B1).

Significant leasing arrangements

The Group leases various properties, motor vehicles and equipment. Rental contracts are made for fixed periods of 1 to 99 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 39 (2023: 37) below market leases accounting for 5.8% (2023: 6.4%) of the total number of 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 (2023: 5) of land under deed of grant in trust on which the Group operates aged care facilities.

Category	Source	Group Objectives	Lease term	Ave payment p.a. (\$)
Aged care 6: land and buildings	State/Territory government	Regional and remote high care, hostel and remote accommodation	1 to 34 years Average of 21 years	83
Community services 7: land and buildings	Local government	Respite centres, counselling, charity stores and other community services	1 to 50 years Average of 20 years	135
Housing 20: Dwellings	State government	Crisis accommodation	1 to 5 years Average of 1 years	1
Hospitals 6: Equipment	Commercial suppliers	Health care services	5 to 7 years Average of 6 years	80

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D2 Lease liabilities (continued)

D2.1 Future minimum lease payments

The future minimum lease payments arising under the Group's lease contracts at the end of the reporting period are as follows:

	2024	2023
	\$'000	\$'000
Not more than one year	21,016	21,630
Later than one year and not later than five years	59,440	51,930
Later than five years	9,166	12,620
Total future minimum lease payments	89,622	86,180

D3 Borrowings

	2024	2023
	\$'000	\$'000
Current		
Secured	55,000	-
Total current borrowings	55,000	-

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

	2024		2023	
	Total	Utilised	Total	Utilised
	\$'000	\$'000	\$'000	\$'000
ANZ Cash Advance Facility	140,000	55,000	-	-
ANZ Bank Guarantee Facility	11,000	6,176	11,000	6,237
ANZ Asset Finance Facility	8,900	66	8,900	95
UCIS Line of Credit Facility	20,000	-	20,000	-
Total	179,900	61,242	39,900	6,332

During the year the Group established an ANZ cash advance facility which can only be used for the purpose of funding working capital and liquidity requirements or routine capital expenditure. Each cash advance loan carries an interest rate equal to the margin for the loan plus the Bank Bill Swap Bid Rate (BBSY) applicable to the relevant funding period and can have a maximum funding period of 6 months.

The ANZ cash advance, bank guarantee and asset finance facilities are secured by a mortgage over freehold land and buildings of the Property Trust (see Note C2). In addition, the Group is required to maintain an Interest Cover Ratio of no less than 3 to 1 for the 12-month period ending on each calculation date (being 30 June and 31 December).

Material accounting policies

(a) Recognition and measurement

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 12 months from the end of each annual reporting period.

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D3 Borrowings (continued)

D3.1 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. Cash flows presented below exclude interest.

	1 July 2023	Cash flows	New leases	Other	30 June 2024
Liabilities	\$'000	\$'000	\$'000	\$'000	\$'000
Lease liabilities	39,432	(17,801)	13,886	46,514	82,031
Borrowings	-	55,000	-	-	55,000
Ingoing contributions, RADs and accommodation bonds	882,435	65,769	-	(3,878)	944,326
Total liabilities from financing activities	921,867	102,968	13,886	42,636	1,081,357

	1 July 2022	Cash flows	New leases	Other	30 June 2023
Liabilities	\$'000	\$'000	\$'000	\$'000	\$'000
Lease liabilities	39,812	(15,262)	14,796	86	39,432
Ingoing contributions, RADs and accommodation bonds	853,998	37,993	-	(9,556)	882,435
Total liabilities from financing activities	893,810	22,731	14,796	(9,470)	921,867

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 primarily to lease modifications, including changes to future lease payments resulting from a reassessment of the likelihood of exercising option renewals, or a change in an index or a rate used to determine those payments, such as a change to reflect market rental rates following a market rent review.

D4 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 borrows funds from, UCIS, the Treasury arm of the Property Trust, ANZ, CBA, NAB, Bank of Queensland, and Bendigo Bank. Risk management is carried out under policies approved by the Queensland Synod Finance, Investment and Property Board and the Group's Board.

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

D4.1 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 Group's assets, as well as to meet 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 under a financial instrument or customer contract, 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.

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D4 Financial risk management objectives (continued)

D4.1 Capital risk management (continued)

(b) Market risk management

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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's 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.

The Group's short-term borrowings have fixed interest rates and are not exposed to interest rate risk. 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. If the interest rates on short-term borrowings had been 1% higher or lower, the surplus/(deficit) would have decreased or increased by \$550,000 (2023: \$Nil) as a result.

(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 2024		30 June 2023	
	USD	Other	USD	Other
	\$'000	\$'000	\$'000	\$'000
Shares (equity instruments)	5,220	697	4,058	687

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 \$626,000 (2023: \$487,000) 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 (see Note 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.

The investment portfolio includes cash, term deposits, managed funds, exchange trade funds, corporate bonds, Australian equities and international equities (see Note 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 \$897,000 (2023: \$460,000) 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*.

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D4 Financial risk management objectives (continued)

D4.1 Capital risk management (continued)

(d) Liquidity risk management

The following table details the contractual 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 to understand the liquidity risk management as liquidity is managed on a net asset and liability basis.

	Effective Interest Rate	MATURING (Years)			
		< 1	1 to 2	> 2	Total
	%	\$'000	\$'000	\$'000	\$'000
30 June 2024					
Assets					
<i>Non-interest bearing:</i>					
Cash and cash equivalents	-	132	-	-	132
Financial assets	-	26,095	-	-	26,095
Trade and other receivables	-	117,624	-	-	117,624
Deferred consideration	-	16,454	-	-	16,454
<i>Floating interest rate:</i>					
Cash and cash equivalents	4.73	362,334	-	-	362,334
Financial assets	3.15	15,331	-	-	15,331
Funds held in trust	4.25	-	-	2,446	2,446
Total financial assets		537,970	-	2,446	540,416
Liabilities					
<i>Fixed interest rate:</i>					
Lease liabilities	4.34	19,127	13,886	49,018	82,031
Borrowings	5.54	55,000	-	-	55,000
<i>Non-interest bearing:</i>					
Ingoing contributions, RADs and accommodation bonds	-	944,326	-	-	944,326
Trade and other payables	-	167,164	-	6,547	173,711
Other liabilities	-	66,031	-	-	66,031
Total financial liabilities		1,251,648	13,886	55,565	1,321,099
30 June 2023					
Assets					
<i>Non-interest bearing:</i>					
Cash and cash equivalents	-	134	-	-	134
Financial assets	-	22,833	-	-	22,833
Trade and other receivables	-	120,090	-	-	120,090
Deferred consideration	-	4,454	12,000	-	16,454
<i>Floating interest rate:</i>					
Cash and cash equivalents	2.89	360,100	-	-	360,100
Financial assets	2.20	14,725	-	-	14,725
Funds held in trust	2.77	-	-	2,350	2,350
Total financial assets		522,336	12,000	2,350	536,686
Liabilities					
<i>Fixed interest rate:</i>					
Lease liabilities	3.92	14,615	12,495	12,322	39,432
<i>Non-interest bearing:</i>					
Ingoing contributions, RADs and accommodation bonds	-	882,435	-	-	882,435
Trade and other payables	-	173,832	-	6,447	180,279
Other liabilities	-	59,557	-	-	59,557
Total financial liabilities		1,130,439	12,495	18,769	1,161,703

¹ Deferred consideration is presented at its undiscounted value.

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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

	2024	2023
	\$'000	\$'000
Current		
Annual leave	106,467	101,213
Long service leave	63,549	62,587
Accrued day off and other leave	963	980
Sick leave	1,625	2,370
Total current employee benefits	172,604	167,150
Non-current		
Long service leave	20,199	20,253
Total non-current employee benefits	20,199	20,253

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, or are expected to complete the required period of service within 12 months, 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 \$103,965,000 (2023: \$101,867,000).

Accounting judgements, estimates and assumptions

Annual and long service leave assumptions	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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Material 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)

Material 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 to determine present value.

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:

	2024	2023
	\$'000	\$'000
Short-term employee benefits	6,898	6,527
Post-employment benefits	353	559
Termination benefits	652	77
Total key management personnel compensation	7,903	7,163

No transactions other than those disclosed above were made with key management personnel (2023: 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.

	2024	2023
	\$'000	\$'000
Interest in joint operation		
Property, plant and equipment	3,990	4,121
Less: accumulated depreciation	(131)	(131)
Net interest in joint operation	3,859	3,990
Results		
Lessor income	638	623
Expenses	(270)	(267)
Net contribution to result	368	356

The Group has assessed that the underlying property it has contributed to the joint operation meets the criteria for classification as an asset held for sale at 30 June 2024 (see Note G6).

Material accounting policies

(a) Joint operations

A joint operation is an 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 venture

	Place of Business	Principal Activities	Ownership Interest		Carrying Amount of Investment	
			2024	2023	2024	2023
			%	%	\$'000	\$'000
LeapIn! Australia Pty Ltd (formerly LeapIn Australia Limited) ⁱ	Australia	Healthcare	50	50	1,813	1,158
Investments accounted for using the equity method					1,813	1,158

ⁱ LeapIn! Australia Pty Ltd is an online portal for national disabilities insurance scheme clients.

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F2 Interests in other entities (continued)

Movements during the year for equity accounted investments

	2024	2023
	\$'000	\$'000
At beginning of the year	1,158	229
Add: Share of joint venture surplus	655	929
Balance at end of the year	1,813	1,158
Summarised financial performance:		
Joint ventures surplus for the period of ownership	655	929

LeapIn! Australia Limited converted into a private company limited by shares in June 2024, and was renamed LeapIn! Australia Pty Ltd. The Group sold its shares in LeapIn! Australia Pty Ltd in July 2024 (see Note G6).

Commitments and contingent liabilities in respect of joint venture

There were no further commitments or contingent liabilities in respect of the Group's joint venture at 30 June 2024 (2023: Nil).

Material accounting policies

(a) Joint ventures

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

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

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

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

G Other Disclosures

G1 New and amended standards adopted

The Group has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for accounting periods beginning on or after 1 July 2023. These are as follows:

- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*
- AASB 2022-7 *Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards*

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) AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants

This Standard clarifies when liabilities should be presented as current or non-current in the statement of financial position, including the impact of covenants on that classification. It is effective for annual reporting periods beginning on or after 1 January 2024.

The amendments may impact classification of the Group's financial liabilities in future periods as certain of these liabilities are subject to covenants (see Note D3).

(b) AASB 2022-5 Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback

This Standard requires a seller-lessee to subsequently measure lease liabilities arising from a sale and leaseback transaction in a way that does not result in recognition of a gain or loss that relates to the right of use it retains. It is effective for annual reporting periods beginning on or after 1 January 2024.

The Group currently has sale and leaseback arrangements (see Note B1) and is investigating the impact of this amendment.

(c) AASB 2023-1 Amendments to Australian Accounting Standards – Supplier Finance Arrangements

This Standard requires the disclosure of information about an entity's supplier finance arrangements. It is effective for annual reporting periods beginning on or after 1 January 2024.

The Group does not currently have supplier finance arrangements. The Group will apply the additional disclosures in the financial statements if supplier finance arrangements are entered into in the future.

(d) AASB 18 Presentation and Disclosure in Financial Statements

This Standard will not change the recognition and measurement of items in the financial statements, but will affect presentation and disclosure in the financial statements, including introducing new categories and subtotals in the statement of profit or loss and other comprehensive income, requiring the disclosure of management-defined performance measures, and changing the grouping of information in the financial statements. It is effective for annual reporting periods beginning on or after 1 January 2027.

The Group is currently investigating the impact of this amendment.

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G3 Auditor's remuneration

	2024	2023
	\$	\$
Audit fees		
Audit fees	980,118	830,000
Other services	208,783	1,174,204
Total auditor's remuneration	1,188,901	2,004,204

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 2024 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.

G4 Related party disclosures

G4.1 Equity interests in related parties

For details of equity interests in joint arrangements see Note F1 and F2.

G4.2 Transactions and balances with related parties

UnitingCare Queensland is part of the Uniting Church in Australia - Queensland Synod. 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.

Transactions with related parties are on terms and conditions no more favourable than those available to other persons or entities unless otherwise stated.

The Group records and manages all conflicts of interest in accordance with the UnitingCare Queensland Conflict of Interest Policy and good governance principles.

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Notes to the consolidated financial statements
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G4 Related party disclosures (continued)

G4.2 Transactions and balances with related parties (continued)

The consolidated surplus for the year includes the following amounts arising from transactions and balances with related parties who are not members of the Group:

	2024	2023
	\$'000	\$'000
(a) Transactions with related parties		
Uniting Church in Australia – Queensland Synod		
Chaplaincy services	(3,970)	(4,067)
Insurance premiums expense	(15,855)	(12,999)
Land tax reimbursement (expense)	778	(978)
Other revenue	27	-
Other expenses	(18)	(2)
Stewardship fee	(9,320)	(9,320)
Redress and sensitive matters contribution	(1,420)	(1,800)
Uniting Church Investment Services		
Interest revenue received	7,904	8,271
The Uniting Church in Australia – National Assembly		
Contribution paid	(500)	(260)
LeapIn! Australia Pty Ltd (formerly LeapIn! Australia Limited)		
Share of joint venture surplus	656	929
Interest revenue	-	44
Loans repaid	-	1,404
(b) Balances with related parties		
Uniting Church in Australia – Queensland Synod		
Consideration receivable for sale of properties	16,184	15,785
Net payables owed	(37)	(277)
Uniting Church Investment Services		
Cash on deposit at the end of year	182,486	192,540
Funds held in trust	2,446	2,350
LeapIn! Australia Pty Ltd (formerly LeapIn! Australia Limited)		
Investment in LeapIn! Australia Pty Ltd	1,813	1,158

G5 Contingent assets and liabilities

(a) National Redress Scheme

Periodically, the Group 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 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.

(b) Legal Claims

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 \$5,216,000 (2023: \$6,155,000).

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G5 Contingent assets and liabilities (continued)

(c) Capital Funding Grants

The Group has received capital grants from the Commonwealth Government. 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. It is considered unlikely that any liability will become payable for such grants as a result of the continued activities of the Group. The estimated contingent liability at 30 June 2024 was \$90,138,000 (2023: \$82,229,000).

(d) Insurance Claims

The Group has suffered financial damages as a result of the cyber incident in April 2021 and other events occurring up to reporting date. The Group has submitted claims to the value of \$34,800,000 and has recovered \$6,600,000 to date. Whilst the outcome of the claims is uncertain, the Group currently estimates the total amount yet to be recovered for these incidents to be in excess of \$28,200,000.

(e) Wesley Research Institute Long Term Lease

In June 2009 the Group entered into a 99-year property lease with Wesley Research Institute Limited. After 30 years, the Group has the right to require Wesley Research Institute Limited to surrender the lease and vacate the premises. The Group would be required to refund Wesley Research Institute a proportion of construction costs paid as consideration for the lease if it exercised this right. The maximum exposure to liability is estimated to be \$6,036,000 (2023: \$6,036,000).

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

G6 Events after the reporting period

(a) Group Reorganisation

On 1 July 2024 the Group commenced transitioning the businesses of UnitingCare Queensland, UnitingCare Community, Blue Care and UnitingCare Health to UnitingCare Queensland Limited, a public company limited by guarantee. UnitingCare Queensland Limited is registered as a Public Benevolent Institution with the Australian Charities and Not-for-profits Commission and has deductible gift recipient status. The Group has also registered UCQ Limited, a public company limited by guarantee, which will be the ultimate parent in control of all entities within the Group effective 1 July 2024.

The principal activities of the Group remain unchanged as a result of the group reorganisation.

Management has assessed that the group reorganisation does not constitute a business combination and has adopted the predecessor value approach to measuring the assets and liabilities of the businesses that have transitioned to UnitingCare Queensland Limited.

(b) Sale of Investment in LeapIn! Australia Pty Ltd

In July 2024 the Group sold its shares in LeapIn! Australia Pty Ltd for a total consideration of \$7,500,000, comprising \$3,750,000 cash paid on settlement, and \$3,750,000 cash to be paid 12 months from the date of the agreement. The Group generated a \$5,618,000 profit on sale.

(c) Interest in Joint Operation with Brisbane Housing Company Limited

The Group has a 50% interest in a joint operation with Brisbane Housing Company Limited that provides affordable housing under the National Rental Affordability Scheme (NRAS). The Group has classified the underlying property asset that it has contributed to the joint operation as an asset held for sale at 30 June 2024. Management expects the joint operation to continue to operate until the property is sold.

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.

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G7 ACNC disclosure

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

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

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

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G7 ACNC disclosure (continued)

Consolidated statement of profit or loss and other comprehensive income	UCQ ACNC reporting group \$'000	Other controlled entities \$'000	Eliminations \$'000	UCQ Consolidated Group \$'000
Revenue				
Revenue from Government (including grants) ⁱ	934,048	101,462	-	1,035,510
Donations and bequests ⁱⁱ	12,971	26	-	12,997
Revenue from providing goods or services	1,044,546	12,416	2,761	1,059,723
Revenue from investments	24,627	2,349	11,926	38,902
Other revenue	20,921	1,078	2,707	24,706
Total revenue	2,037,113	117,331	17,394	2,171,838
Other income	6,202	-	-	6,202
Total gross income	2,043,315	117,331	17,394	2,178,040
Expenses				
Employee expenses	(1,205,463)	(63,562)	-	(1,269,025)
Interest expenses	(26,686)	(602)	-	(27,288)
Other expenses	(912,887)	(49,199)	(17,394)	(979,480)
Total expenses	(2,145,036)	(113,363)	(17,394)	(2,275,793)
Net (deficit) / surplus for the year	(101,721)	3,968	-	(97,753)
Other comprehensive income	2,819	-	-	2,819
Total comprehensive (loss) / income for the year	(98,902)	3,968	-	(94,934)
Consolidated statement of financial position				
Assets				
Total current assets	1,446,383	70,484	(923,516)	593,351
Total non-current assets	1,732,428	101,675	-	1,834,103
Total assets	3,178,811	172,159	(923,516)	2,427,454
Liabilities				
Total current liabilities	2,301,858	59,074	(923,516)	1,437,416
Total non-current liabilities	150,926	3,473	-	154,399
Total liabilities	2,452,784	62,547	(923,516)	1,591,815
Net assets	726,027	109,612	-	835,639

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

ⁱⁱ Donations and bequests includes both fundraising, donations, and bequests (see Note B1).

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G7 ACNC disclosure (continued)

G7.1 Revenue and other income from government

The UCQ ACNC reporting 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.

	UCQ ACNC reporting group \$'000	Other controlled entities \$'000	UCQ Consolidated Group \$'000
Commonwealth Government			
Department of Health and Aged Care	760,602	99,804	860,406
National Disability Insurance Agency	18,272	544	18,816
Department of Social Services	18,665	-	18,665
Department of Veterans Affairs	8,514	99	8,613
Department of Infrastructure, Transport, Development, Communication and Arts	6,477	-	6,477
Total income from Commonwealth Government	812,530	100,447	912,977
State Government			
Department of Children, Youth Justice and Multicultural Affairs	59,093	-	59,093
Queensland Health	19,620	-	19,620
Department of Communities, Housing and Digital Economy	14,817	-	14,817
Department of Housing and Public Works	13,851	-	13,851
Department of Justice and Attorney-General	6,295	-	6,295
Total income from State Government	113,676	-	113,676
Other departments and agencies	7,842	1,015	8,857

G7.2 Related party transactions

For the purpose of the UCQ ACNC reporting group's Annual Information Statement, related party transactions are categorised as follows:

- Fees paid to a related party for providing goods or services to the Reporting Group;
- Loans from or to a related party; and
- Investment in a related party.

Declaration by the Board of UnitingCare Queensland

30 June 2024

The Board of UnitingCare Queensland declares that:

- (a) the financial statements and notes set out on pages 1 to 47:
 - 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 2024 and of its performance as represented by the results of its operations and its cash flows, for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that UnitingCare Queensland will be able to pay its debts as and when they become due and payable.

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

Dated 1 October 2024



Jim Demack, Chair
UnitingCare Queensland Board



Susan Rix AM, Chair
UnitingCare Queensland Audit, Risk
and Compliance Committee

1 October 2024

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

Dear Board Members,

Auditor's Independence Declaration to The Uniting Church in Australia – Queensland Synod, UnitingCare Queensland

In accordance with section 60-40 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 of Australia – Queensland Synod, UnitingCare Queensland.


As lead audit partner for the audit of the financial report of The Uniting Church in Australia – Queensland Synod, UnitingCare Queensland for the financial year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Australian Charities and Not-for-Profits Commission Act 2012* in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully


DELOITTE TOUCHE TOHMATSU


Nathan Furness
Partner
Chartered Accountants




R G Saayman
Partner
Chartered Accountants

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

Opinion

We have audited the financial report of The Uniting Church in Australia – Queensland Synod, Uniting Care Queensland (the "Group") which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in funds and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and the declaration by the Board of Uniting Care Queensland (the "Board") as set out on pages 1 to 48.

In our opinion, the accompanying financial report of the Uniting Church in Australia – Queensland Synod, Uniting Care 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 2024 and of its financial performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2022*.

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. The Board's responsibility also includes 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 are 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.

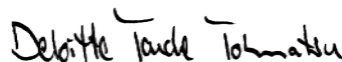
As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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 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


Nathan Furness
Partner
Chartered Accountants
Brisbane, 1 October 2024




R G Saayman
Partner
Chartered Accountants
Brisbane, 1 October 2024

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