Uniting AgeWell Victoria and Tasmania

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Annual Financial Report - 30 June 2019

Uniting AgeWell Victoria and Tasmania
Contents
30 June 2019

Uniting AgeWell Victoria and Tasmania
Members' report
30 June 2019

The members present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'entity') consisting of Uniting AgeWell Victoria and Tasmania (referred to hereafter as the 'entity' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2019.

Board of Governance

The following were members of the Board of Governance of the entity during the whole of the financial year, unless otherwise stated:

Ms Raelene Thompson
Ms Kate Andrews
Ms Jan Begg
Mr Simon Brewin
Ms Kathryn Campbell
Prof Alison Hutchinson
Ms Julia Langdon
Rev Dr Mark Lawrence
Mrs Jill Linklater
Ms Sabine Phillips
Mrs Wendy Quinn
Mr Ian Sanders

Principal activities

The principal activity of the entity during the financial year was the provision of senior services.

No significant change in the nature of these activities occurred during the year.

The entity operates as an agency of The Uniting Church in Australia. The Uniting Church in Australia Property Trust (Victoria) and the Uniting Church in Australia Property Trust (Tas) holds the legal title of assets of the entity.

Entity's vision

Uniting AgeWell: The Church at Work

We are a creative leader; enabling communities to age well and individuals to live their potential.

Entity's mission

Uniting AgeWell provides specialised services enabling older people to maximise their wellbeing and access care when required.

As part of the Uniting Church we live out the practical expression of Christian faith and values:

- Respect
- Partnership
- Wisdom
- Fairness
- Stewardship

The UA 2017-20 Strategic Plan has five key priorities

- The quality of life and experience of our customers is at the heart of everything we do.
- A progressive employer of choice, with a culture of customer-centred care, innovation, trust and respect.
- Proudly an expression of the Uniting Church.
- Stronger, smarter and more sustainable.
- Strength, learning and innovation through partnership and collaboration.

UA believes that older people want to live in an environment of choice, empowerment and wellness, and to easily access support and care as they choose. While care remains an important part of our service delivery, our focus now includes what people can do instead of what they cannot. It promotes a life enhancing approach to growing older including supportive care when required.

AgeWell is UA's approach to all service planning and delivery, quality and innovation activities, infrastructure development and workforce strengthening.

Growth

UA has continued to grow services throughout 2018/19, with operating revenue increasing 9%, compared with the prior year.

Residential aged care revenue increased 4% and occupancy remains above industry averages at 95%.

Community services continue to grow with a 24% increase in operating revenue, due to additional home care packages and the acquisition of Guardian Network Pty Ltd in October 2018.

On 1 July 2019, UA was appointed to deliver in-home support services on behalf of the Maribyrnong and Hobsons Bay City Councils, which will contribute to further community services growth during 2019/2020.

The UA property development strategy is being implemented.

An additional 30 beds were opened at Strathdevon in Latrobe Tasmania in May 2019.

UA was successful in the 2018 Aged Care Approval Round with 148 provisional places issued, with the additional beds to be commissioned over the next 3 years.

Our residential transition care program with Eastern Health at Strathdon was closed and transitioned to a new aged care provider.

The UA Board announced closure of our Carnsworth facility in Kew in December 2019, due to the facility no longer meeting community expectations.

Quality and Safety

On 1 July 2019, new aged care quality standards were introduced. During the year in preparation for the new standards, UA established working groups to focus on each standard, update policies and conduct training workshops.

UA continued to invest in Quality and Safety over the past 12 months in relation to staff education, information management systems and staffing levels. The quality of care provided and the safety of our residents and staff is at the heart of everything we do, and we are proud of the investment made to enhance this area.

A Royal Commission was established on 8 October 2018 and Uniting AgeWell has activated a task group with Board oversight to monitor research and respond to information requests.

The Commissioners are required to provide an interim report by 31 October 2019, and a final report by 12 November 2020.

Financial performance

The deficit before fair value revaluations, impairment expenses and income tax expense increased to $4.5m (2018: surplus $1.7m) due to low Government funding indexation relative to wage increases, increased investment in quality and safety, higher clinical staffing levels and enhancements in information technology.

The net surplus improved to $93.5m (2018: $1.7m) due to property revaluations after allowance for the write down of the Carnsworth property.

A net cashflow deficit of $4.4m was incurred after capital expenditure of $70.2m, accommodation bond inflows of $20.7m and operating cash inflow of $7.4m.

Uniting AgeWell's financial position is strong with investments at U Ethical Funds Investments totalling $198.9m.

The balance sheet continued to strengthen with net assets increasing from $238.2m to $441.9m due to property revaluations.

Information on the members of the Board of Governance

Name:	Ms Raelene Thompson
Title:	Board member since October 2017 Chairperson since February 2017
Qualifications:	Master of Business Administration, Graduate Diploma of Management, Graduate Certificate of Business MAICD
Experience and expertise:	Governance Committee Chair February 2018 to September 2018
Name:	Ms Kate Andrews
Title:	Board member since February 2018
Qualifications:	Diploma of Financial Services (Superannuation), Graduate Diploma of Marketing (Major: Marketing Strategy), Bachelor of Commerce / Bachelor of Arts, Graduate AICD
Experience and expertise:	Property & Development Committee member since February 2017 AgeWell Community Advisory Committee member since September 2018
Name:	Ms Jan Begg
Title:	Board member since February 2018
Qualifications:	MBA, B.Sc. (Hons), Fellow AICD
Experience and expertise:	Finance Committee member since March 2018 Governance Committee member since January 2019
Name:	Mr Simon Brewin
Title:	Board member since May 2016
Qualifications:	MBL, Graduate Diploma Health Service Management, Bachelor of Business, Post Grad Cert Health Economics Graduate AICD
Experience and expertise:	Property & Development Committee Chairperson since May 2016 Finance Committee member since August 2017 Governance Committee Chair since September 2018
Name:	Ms Kathryn Campbell
Title:	Board member since February 2018
Qualifications:	Bachelor of Economics, Fellow CPA Australia, Fellow AICD, Fellow CAANZ
Experience and expertise:	Mission Committee member since March 2018 Audit & Risk Committee member since January 2019
Name:	Prof Alison Hutchinson
Title:	Board member since December 2015
Qualifications:	RN, Certificate of Midwifery, Bachelor Applied Science (Advanced Nursing), Masters of Bioethics, PhD, Member AICD
Experience and expertise:	Clinical Governance Committee Chair since February 2016 AgeWell Community Advisory Committee member since June 2017
Name:	Ms Julia Langdon
Title:	Board member since October 2013
Qualifications:	Bachelor of Science, Bachelor of Commerce
Experience and expertise:	Audit & Risk Committee Chairperson since November 2013 Property & Development Committee member June 2017 to December 2018 Clinical Governance Committee member since January 2019
Name:	Rev Dr Mark Lawrence
Title:	Synod General Secretary
Qualifications:	BA, Grad DipEd, Bachelor of Theology, MLitt, PhD, MEd(Lead), NMAS Accredited Mediator
Experience and expertise:	Ex-officio Board member November 2012 to June 2019 Mission Committee member since November 2012 Governance Committee member November 2012 to June 2019

Name:	Mrs Jill Linklater
Title:	Board member since March 2010
Qualifications:	Graduate Diploma Health & Medical Law, Master of Health Administration, Emergency Community (Health) Planning Certificate Canada, Bachelor of Science in Nursing, Graduate AICD
Experience and expertise:	Uniting AgeWell Community Advisory Committee Chairperson since July 2016 Clinical Governance Committee member since May 2010 Governance Committee member since September 2010

Name:	Ms Sabine Phillips
Title:	Board member since March 2015
Qualifications:	Master of Laws, Master of Business, Bachelor of Applied Science, Registered Nurse (non practicing), Certificate in Medication and Conciliation, Fellow AICD
Experience and expertise:	Audit & Risk Committee member since April 2015 Clinical Governance Committee member since February 2017

Name:	Mrs Wendy Quinn
Title:	Board member since December 2012
Qualifications:	Master of Health Science, Developmental Disabilities, Post Graduate Certificate, Australian Competent Manager Program, Bachelor of Applied Science OT (degree completion), Diploma of Occupational Therapy, Fellow Australasian College of Health Service Management, Chartered Manager and Fellow of the Institute of Managers and Leaders, Fellow AICD
Experience and expertise:	Mission Committee Chairperson since February 2015 Quality & Safety Committee member May 2013 to November 2015 Uniting AgeWell Community Advisory Committee member since April 2016

Name:	Mr Ian Sanders
Title:	Board member since August 2012
Qualifications:	Bachelor of Science (London), Master of Business Administration, Graduate AICD
Experience and expertise:	Finance Committee Chairperson since April 2013 Audit & Risk Committee member since September 2012 Property & Development Committee member since November 2016

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 is set out immediately after this Board of Governance report.

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

On behalf of the members

Mr Simon Brewin	Mr Ian Sanders
Acting Chairperson	Board Members

24 September 2019

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Auditor's Independence Declaration

To the Victorian & Tasmanian Synod of the Uniting Church in Australia

In accordance with the requirements section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as lead auditor for the audit of Uniting AgeWell Victoria & Tasmania for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

A C Pitts
Partner – Audit & Assurance

Melbourne, 24 September 2019

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Uniting AgeWell Victoria and Tasmania
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Note	Aggregated 2019 $	Aggregated 2018 $
Revenue	4	203,718,563	186,852,526
Expenses			
Care expenses		(114,060,271)	(99,946,816)
Hotel expenses		(26,154,057)	(25,951,178)
Administrative expenses		(50,674,653)	(45,120,126)
Other expenses		(16,704,297)	(13,606,854)
Finance costs	5	(623,690)	(573,163)
(Deficit)/surplus before fair value revaluations, impairment expenses and income tax expense		(4,498,405)	1,654,389
Net fair value gain on U Ethical Funds Management (Growth Portfolio) financial assets		6,159,291	-
Gain on revaluation of investment properties	10	88,168,619	-
Impairment of Carnsworth plant and equipment	11	(1,036,446)	-
Reversal of impairment charges recognised in prior periods on revaluation of bed licences	12	4,805,000	-
Surplus before income tax expense		93,598,059	1,654,389
Income tax expense		(106,568)	-
Surplus after income tax expense for the year		93,491,491	1,654,389
Other comprehensive income			
Gain on the revaluation of land and buildings, net of tax	11	102,945,315	-
Net gain on the revaluation of U Ethical Funds Management (Growth Portfolio) financial assets, net of tax		-	6,641,941
Gain on the revaluation of bed licences, net of tax	12	7,175,000	-
Other comprehensive income for the year, net of tax		110,120,315	6,641,941
Total comprehensive income for the year		203,611,806	8,296,330

The entity incurred a $4.5m deficit before revaluations, impairment expenses and income tax expense.
Asset revaluation gains of $203.1m have been recorded during the year due to a change in accounting policy as per notes 10, 11 and 12.

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

Uniting AgeWell Victoria and Tasmania
Statement of financial position
As at 30 June 2019

	Note	Aggregated 2019 $	2018 $
Assets			
Current assets			
Cash and cash equivalents	6	1,218,351	5,588,249
Trade and other receivables	7	6,655,008	5,074,682
Other financial assets	8	197,769,317	226,339,992
Other current assets	9	4,832,221	3,813,097
Total current assets		210,474,897	240,816,020
Non-current assets			
Investment properties	10	130,733,999	44,307,709
Property, plant and equipment	11	348,403,765	192,321,890
Intangibles	12	50,730,149	33,906,025
Other non-current assets	13	2,255,820	1,982,157
Total non-current assets		532,123,733	272,517,781
Total assets		742,598,630	513,333,801
Liabilities			
Current liabilities			
Trade and other payables	14	16,094,602	15,001,294
Provisions	15	19,078,247	17,721,659
Resident ingoings	16	250,901,560	230,251,530
Other current liabilities	17	9,754,459	7,905,415
Total current liabilities		295,828,868	270,879,898
Non-current liabilities			
Provisions	18	4,917,639	4,213,586
Total non-current liabilities		4,917,639	4,213,586
Total liabilities		300,746,507	275,093,484
Net assets		441,852,123	238,240,317
Equity			
Reserves	19	110,120,315	38,179,905
Retained earnings		331,731,808	200,060,412
Total equity		441,852,123	238,240,317

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

Uniting AgeWell Victoria and Tasmania
Statement of changes in equity
For the year ended 30 June 2019

Aggregated	Reserves $	Retained profits $	Total equity $
Balance at 1 July 2017	31,754,138	198,189,849	229,943,987
Surplus after income tax expense for the year	-	1,654,389	1,654,389
Other comprehensive income for the year, net of tax	6,641,941	-	6,641,941
Total comprehensive income for the year	6,641,941	1,654,389	8,296,330
Transfer to retained earnings	(216,174)	216,174	-
Balance at 30 June 2018	38,179,905	200,060,412	238,240,317

Aggregated	Reserves $	Retained profits $	Total equity $
Balance at 1 July 2018	38,179,905	200,060,412	238,240,317
Adjustment on Adoption of AASB 9	(8,892,770)	8,892,770	-
Balance at 1 July 2018 - restated	29,287,135	208,953,182	238,240,317
Surplus after income tax expense for the year	-	93,491,491	93,491,491
Other comprehensive income for the year, net of tax	110,120,315	-	110,120,315
Total comprehensive income for the year	110,120,315	93,491,491	203,611,806
Transfer to retained earnings	(29,287,135)	29,287,135	-
Balance at 30 June 2019	110,120,315	331,731,808	441,852,123

The above statement of changes in equity should be read in conjunction with the accompanying notes

Uniting AgeWell Victoria and Tasmania
Statement of cash flows
For the year ended 30 June 2019

	Note	Aggregated 2019 $	2018 $
Cash flows from operating activities			
Receipts from customers		50,496,363	45,484,530
Receipts from government funding		145,670,885	135,877,686
Receipts of allowable deductions from refundable accommodation deposits		54,309	167,921
Donations, bequests and fundraising received		876,796	961,555
Payments to suppliers and employees		(192,843,164)	(165,581,781)
Interest received		3,924,706	3,681,986
Interest and other finance costs paid		(623,690)	(573,163)
Income tax paid		(195,167)	-
Net cash from operating activities		7,361,038	20,018,734
Cash flows from investing activities			
Receipts from/(payments for) deposits with U Ethical Funds Management		37,860,640	(11,144,536)
Payments for property, plant and equipment	11	(64,589,392)	(32,023,380)
Payments for intangibles	12	(1,354,528)	(1,109,373)
Payments for acquisition of subsidiary, net of cash and cash equivalents acquired	23	(4,291,246)	-
Proceeds from disposal of property, plant and equipment		-	29,949
Net cash used in investing activities		(32,374,526)	(44,247,340)
Cash flows from financing activities			
Net payments to related parties		(6,440)	(14,283)
Net receipts from resident in-goings/entry contributions		20,650,030	26,422,530
Net cash from financing activities		20,643,590	26,408,247
Net movement in cash and cash equivalents		(4,369,898)	2,179,641
Cash and cash equivalents at the beginning of the financial year		5,588,249	3,408,608
Cash and cash equivalents at the end of the financial year	6	1,218,351	5,588,249

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

Note 1. General information

The financial statements cover Uniting AgeWell Victoria and Tasmania as an entity consisting of Uniting AgeWell Victoria and the entities it controlled at the end of, or during, the year and Uniting AgeWell Tasmania. The financial statements are presented in Australian dollars, which is Uniting AgeWell Victoria and Tasmania's functional and presentation currency.

Uniting AgeWell Victoria and Tasmania is an agency of the Uniting Church to which the Uniting Church in Australia Property Trust (Victoria) and the Uniting Church in Australia Property Trust (Tas) holds legal title. The Uniting Church in Australia Property Trust (Victoria) and the Uniting Church in Australia Property Trust (Tas) are constituted as corporations pursuant to the provision of the Uniting Church in Australia Act 1997 No. 9021 in the State of Victoria and the Uniting Church in Australia Act 1997 No. 38 in the State of Tasmania.

The registered office and principal place of business of the entity is:

Uniting AgeWell Victoria and Tasmania
130 Little Collins Street
Melbourne Vic 3000

The financial statements were authorised for issue, in accordance with a resolution of members, on 24 September 2019.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The following Accounting Standards and Interpretations are most relevant to the entity:

AASB 9 Financial Instruments
The entity has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

When adopting AASB 9, the entity has applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of AASB 9 in relation to classification, measurement, and impairment are recognised in opening retained earnings as at 1 July 2018.

Going concern

The financial report has been prepared on a going concern basis. This contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

Note 2. Significant accounting policies (continued)

As at 30 June 2019 the entity had a net working capital deficiency, being current assets less current liabilities, of $85,353,971 (2018: $30,063,879) and recorded a deficit before fair value revaluations, impairment expenses and income tax expense for the year ended 30 June 2019 of $4,498,405 (2018: surplus of $1,654,389).

The net working capital deficiency is significantly impacted by resident ingoing liabilities totalling $250,901,560 (2018: $230,251,530) which are classified as current liabilities on the basis that they are repayable to residents when they leave the facility or unit, which can be at any time. The Board of Governance do not expect the resident ingoing liabilities to reduce significantly on an annual basis as the liabilities relating to residents who depart the facility or unit are generally replaced by resident ingoing liabilities received from new residents. The resident ingoing liabilities are therefore considered to form a part of the long term funding of the facility.

In addition the Board of Governance note the following in their going concern assessment:
- the entity maintains a net asset position $441,852,123 as at 30 June 2019 (2018: $238,240,316);
- during the year the entity recorded operating cash inflows of $7,361,038 (2018: $20,018,734); and
- further operating cash inflows are forecast for the year ended 30 June 2020.

The Board of Governance have considered the position of the entity and, based on the above, consider the going concern basis to be appropriate for preparation of the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be incurred should the entity not continue as a going concern.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Australian Charities and Not-for-profits Commission Act 2012, as appropriate for not-for-profit oriented entities.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Principles of aggregation
The aggregated financial statements incorporate the assets and liabilities of the Uniting AgeWell Victoria and its controlled entities and the Uniting AgeWell Tasmania as at 30 June 2019 and the results of those entities for the year then ended. Uniting AgeWell Victoria and Tasmania is referred to in these financial statements as the 'entity'.

The aggregated entity provides aged care services within the Uniting Church Synod of Victoria and Tasmania. These services include residential services, a range of community services (including HCP and CHSP), and Independent Living Units across Victoria and Tasmania. These services operate under the Approved Provider of the Uniting Church in Australia Property Trust (Vic) and the Uniting Church in Australia Property Trust (Tas).

The aggregation does not have a parent entity as no one agency dominates decision making or has control.

Transactions and balances between Uniting AgeWell Victoria and Uniting AgeWell Tasmania have been eliminated for the purpose of preparing the aggregated financial report.

Note 2. Significant accounting policies (continued)

Principles of consolidation of Uniting AgeWell Victoria and its subsidiaries
The aggregated financial statements incorporate the assets and liabilities of all subsidiaries of Uniting AgeWell Victoria as at 30 June 2019 and the results of all subsidiaries for the period during the financial year that Uniting AgeWell Victoria had control of the respective subsidiary. Uniting AgeWell Tasmania does not have any subsidiaries as at 30 June 2019 and did not have any subsidiaries during the financial year.

Subsidiaries are all those entities over which Uniting AgeWell Victoria has control. Uniting AgeWell Victoria controls an entity when Uniting AgeWell Victoria is exposed to, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power to direct the activities of the subsidiary. Subsidiaries are fully consolidated from the date on which control is transferred to Uniting AgeWell Victoria. They are de-consolidated from the date that control ceases.

Intercompany transactions and balances between Uniting AgeWell Victoria and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by Uniting AgeWell Victoria.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to Uniting AgeWell Victoria.

Where Uniting AgeWell Victoria loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. Uniting AgeWell Victoria recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Government contributions
Government contributions revenue is recognised when the entity gains control over the contribution, it is probable that the economic benefits comprising the contribution will flow to the entity, and the amount of the contribution can be measured reliably.

Resident/client fees
Revenue from resident/client fees is recognised upon the delivery of the service to the clients.

Retentions and accommodation charges
Retentions and accommodation charges are recognised throughout the period of the resident's tenancy in accordance with the rates published by the Department of Health.

Donations and bequests
Donations collected, including cash and goods for resale, are recognised as revenue when the entity gains control, economic benefits are probable and the amount of the donation can be measured reliably.

Bequests are recognised when the legacy is received. Revenue from legacies comprising bequests of shares or other property are recognised at fair value, being the market value of the shares or property at the date the entity becomes legally entitled to the shares or property.

Grant income
Grant income is recognised in profit or loss when it is controlled. When there are conditions attached to grant revenue relating to the use of those grants for specific purposes it is recognised in the statement of financial position as a liability until such conditions are met or services provided.

Note 2. Significant accounting policies (continued)

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Property income
Property income from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the property income. Contingent rentals are recognised as income in the period when earned.

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

Income in advance
Revenue is recognised by drawing a distinction between the reciprocal and non-reciprocal transactions in the treatment of the contribution of assets to the entity. A reciprocal transaction is deferred and reported as income in advance due to the non-completion of the service at reporting date. A non-reciprocal transaction is recognised as revenue when the entity gains control of the transfer.

Income tax
Uniting AgeWell Victoria and Uniting AgeWell Tasmania are charitable institutions in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, and are exempt from paying income tax.

The subsidiary of Uniting AgeWell Victoria is not exempt from paying income tax.

The below outlines the accounting policies in relation to income tax for the subsidiary of Uniting AgeWell Victoria.

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

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 entity'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 cash equivalent unless 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.

Note 2. Significant accounting policies (continued)

A liability is classified as current when: it is either expected to be settled in the entity'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.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Note 2. Significant accounting policies (continued)

Impairment of financial assets
The entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Investment properties
Investment property, principally comprised of independent living units, is held to generate deferred management fees and are not occupied by the entity. Investment properties are initially measured at cost and subsequently measured at fair value.

Independent living units' resident ingoings are recognised as a liability once received. The agreements with residents provide for Uniting AgeWell to retain retentions on a deferred basis, and the proportion of ingoings retainable is brought to account as income at the time that it becomes non-refundable to the resident. Some of the ingoings provide for Uniting AgeWell Tasmania to owe a share of capital gain which is recognised as an expense progressively based upon the market value of the independent living unit as at reporting date.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

The entity obtains independent valuations for its investment properties annually. The best evidence of fair value is current prices in an active market for similar properties.

Judgements and estimates have been made in determining fair value of investment properties as disclosed in note 3.

Property, plant and equipment
Uniting AgeWell has assumed responsibility and recorded in the statement of financial position certain land and buildings of which the Uniting Church in Australia Property Trust (Vic) and the Uniting Church in Australia Property Trust (Tas) hold legal ownership.

Note 2. Significant accounting policies (continued)

The members of the Board of Governance are of the opinion that the criteria for the recognition of those assets as set out in the Framework for the Preparation and Presentation of Financial Statements is satisfied. That is, although the Uniting Church in Australia Property Trust (Vic) and the Uniting Church in Australia Property Trust (Tas) hold legally enforceable rights over the relevant assets registered in its name, those assets are controlled by the entity and the future economic benefits of their use and management will flow to Uniting AgeWell.

Land and buildings are initially measured at cost, inclusive of acquisition costs. Land and buildings are subsequently measured at fair value under the revaluation model based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Fair value is the amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction as at the valuation date. Incremental movements in the fair value of land and buildings are recognised in the Asset Revaluation Reserve. Declines in fair values of land and buildings are recognised in profit or loss after first reducing any historical Asset Revaluation Reserves in relation to land and buildings.

The entity obtains independent valuations for its land and buildings periodically. At the end of each reporting period the directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. The directors determine a property's value within a range of reasonable, fair value estimates. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the directors consider information from a variety of sources including maintainable EBITDA cash flows applying capitalisation rates, discount rates, market rental estimates and the net present value of the refundable accommodation deposit pool for residential aged care facilities.

Judgements and estimates have been made in determining fair value of land and buildings as disclosed in note 3.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	2.0% - 15.0%
Plant and equipment	7.5% - 25.0%
Furniture, fixtures and fittings	7.5% - 15.0%
Motor vehicles	20.0% - 40.0%
Computer equipment	25.0% - 50.0%

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Note 2. Significant accounting policies (continued)

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Bed licences

Bed licences have been initially recognised at fair value upon issue from the Federal Government which is deemed to represent costs under AASB 138 Intangible Assets and AASB 1004 Contributions.

Bed licences are subsequently measured at fair value under the revaluation model based on periodic valuations by external independent valuers. Fair value is the amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction as at the valuation date. Incremental movements in the fair value of bed licences are recognised in the Asset Revaluation Reserve. Declines in fair values of bed licences are recognised in profit or loss after first reducing any historical Asset Revaluation Reserves in relation to bed licences.

The entity considers the licences to have an indefinite life and as such does not amortise them.

The entity obtains independent valuations for its bed licences periodically. At the end of each reporting period the directors update their assessment of the fair value of bed licences, taking into account the most recent independent valuations. The directors determine the bed licences value within a range of reasonable, fair value estimates. The best evidence of fair value is current prices in an active market for similar licences.

Judgements and estimates have been made in determining fair value of bed licences as disclosed in note 3.

Software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and install the specific software. Following initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulate impairment losses.

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 to 5 years.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Note 2. Significant accounting policies (continued)

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

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

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions
Provisions are recognised when the entity has a present (legal or constructive) obligation as a result of a past event, it is probable the entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Superannuation expense
Contributions to superannuation plans are expensed in the period in which they are incurred.

Resident ingoings
The operation of residential facilities are governed by the Aged Care Act 1997. The operations of the independent living units are governed by the Victorian Retirement Villages Act 1986.

Pursuant to the Aged Care Act residents may be required to lodge a refundable accommodation deposit (RAD's). The value of these RAD's are reported as a resident ingoing liability. The Aged Care Act allows a provider to retain the interest earned from these bonds/RAD's.

Resident ingoing amounts and related retentions and deferred management fees are received from residents of independent living units.

Note 2. Significant accounting policies (continued)

The current cash holdings of entry contributions and RAD's have been invested with the U Ethical Funds Management. Uniting AgeWell has established an investment structure to enable refunds of RAD's and other resident ingoing amounts to be met as required.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of 12 months from the date of the acquisition or when the acquirer receives all the information possible to determine fair value.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Note 2. Significant accounting policies (continued)

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Fair value measurement hierarchy
The entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets
The entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment, investment property and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Indefinite life intangible assets
The entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on fair value less costs to sell and value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows and application of recent sales history for similar assets where an active market exists.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Impairment of property, plant and equipment
The entity assesses impairment of property, plant and equipment at each reporting date by evaluating conditions specific to the entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Employee benefits provision
As discussed in note 2, 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 taken into account.

Note 4. Revenue

	Aggregated	
	2019 $	2018 $
Revenue		
Government contributions	145,559,089	135,631,440
Resident/client fees	40,860,486	34,530,789
Retention and accommodation charges	6,198,455	6,087,007
Donations, bequests and fundraising	876,796	961,555
	193,494,826	177,210,791
Other revenue		
Grant income	111,796	246,246
Property income	191,131	231,992
Interest revenue	7,055,380	6,755,645
Other revenue	2,865,430	2,407,852
	10,223,737	9,641,735
Revenue	203,718,563	186,852,526

Note 5. Expenses

	Aggregated 2019 $	Aggregated 2018 $
Surplus before income tax includes the following specific expenses:		
Finance costs		
Interest on refundable ingoings	623,690	573,163
Impairment of property, plant & equipment		
Impairment of property, plant and equipment	1,036,446	-
Loss on disposal/write-off of property, plant and equipment		
Loss on disposal/write-off of property, plant and equipment	110,370	1,090,410
Rental expense relating to operating leases		
Total rental expense relating to operating leases	962,890	664,775
Superannuation expense		
Superannuation expense	10,670,327	9,645,246
Write off of assets		
Receivables	35,011	28,032
Depreciation and amortisation expense		
Investment property	1,742,329	1,777,794
Property, plant and equipment	10,335,436	9,608,598
Intangible assets	1,070,548	550,123
	13,148,313	11,936,515

Note 6. Current assets - cash and cash equivalents

	Aggregated 2019 $	Aggregated 2018 $
Cash on hand	17,493	17,640
Cash at bank	1,200,858	5,570,609
	1,218,351	5,588,249

The effective interest rate on cash at bank was 0.10% (2018: 0.40%); these deposits are at call.

Note 7. Current assets - trade and other receivables

	Aggregated	
	2019 $	2018 $
Trade receivables	4,815,054	3,283,838
Less: Allowance for expected credit losses	(217,943)	(188,342)
	4,597,111	3,095,496
Other receivables	2,041,579	1,955,960
Related party receivable from Uniting Church in Australia	16,318	23,226
	6,655,008	5,074,682

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

Note 8. Current assets - other financial assets

	Aggregated	
	2019 $	2018 $
Deposits with U Ethical Funds Management (Cash Portfolio) - amortised cost	94,226,123	132,237,454
Investments with U Ethical Funds Management (Growth Portfolio) - fair value through profit or loss	103,543,194	94,102,538
	197,769,317	226,339,992

Note 9. Current assets - other current assets

	Aggregated	
	2019 $	2018 $
Accrued revenue	2,469,452	2,376,987
Prepayments	847,548	282,562
Inventory	285,101	261,597
Other	1,230,120	891,951
	4,832,221	3,813,097

Note 10. Non-current assets - investment properties

	Aggregated 2019 $	2018 $
Investment property (land and buildings) - at independent valuation	130,733,999	-
Investment property (land and buildings) - at cost	-	63,153,247
Less: Accumulated depreciation (buildings)	-	(18,845,538)
	130,733,999	44,307,709

Reconciliation
Reconciliation of the carrying values at the beginning and end of the current and previous financial year are set out below:

	2019 $	2018 $
Opening carrying value	44,307,709	46,085,503
Fair value increments	88,168,619	-
Depreciation expense	(1,742,329)	(1,777,794)
Closing carrying value	130,733,999	44,307,709

Valuations of investment properties
During the year the accounting policy for the entity's investment properties was changed from cost to the fair value model. Under the fair value, on an annual basis, the fair value of investment properties are compared to the carrying amount. Movements in fair value are recognised through profit or loss. In accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors the change in accounting policy has been applied from the earliest date practicable, being the date applicable to the independent expert's valuation.

The basis of the valuation of investment properties is fair value. The investment properties were last revalued as of 30 June 2019 by an independent expert valuer based on current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment.

Note 11. Non-current assets - property, plant and equipment

	Aggregated 2019 $	Aggregated 2018 $
Land - at independent valuation	134,120,500	-
Land - at cost	-	24,155,789
Building - at independent valuation	112,959,999	-
Buildings - at cost	-	189,835,365
Less: Accumulated depreciation	-	(66,383,086)
	247,080,499	147,608,068
Plant and equipment - at cost	17,411,284	17,002,500
Less: Accumulated depreciation	(8,627,753)	(7,908,978)
Less: Impairment	(479,483)	-
	8,304,048	9,093,522
Furniture, fixtures and fittings - at cost	14,626,381	13,441,684
Less: Accumulated depreciation	(6,358,856)	(5,376,983)
Less: Impairment	(549,603)	-
	7,717,922	8,064,701
Motor vehicles - at cost	1,958,286	1,925,865
Less: Accumulated depreciation	(1,858,299)	(1,747,643)
	99,987	178,222
Computer equipment - at cost	1,350,521	923,158
Less: Accumulated depreciation	(917,454)	(725,136)
Less: Impairment	(7,360)	-
	425,707	198,022
Capital works in progress - at cost	84,775,602	27,179,355
	348,403,765	192,321,890

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Aggregated	Land & buildings $	Plant & equipment $	Furniture, fixtures & fittings $	Motor vehicles $	Computer equipment $	Capital works in progress $	Total $
Balance at 1 July 2018	147,608,068	9,093,522	8,064,701	178,222	198,022	27,179,355	192,321,890
Additions (net of transfers)	3,781,371	1,216,553	1,558,071	9,787	427,363	57,596,247	64,589,392
Additions through business combinations (note 23)	-	-	31,905	17,515	-	-	49,420
Disposals/write-offs	(4,755)	(55,261)	(50,353)	(1)	-	-	(110,370)
Impairment of assets	-	(479,483)	(549,603)	-	(7,360)	-	(1,036,446)
Depreciation expense	(7,249,500)	(1,471,283)	(1,336,799)	(105,536)	(192,318)	-	(10,355,436)
Revaluation increments	102,945,315	-	-	-	-	-	102,945,315
Balance at 30 June 2019	247,080,499	8,304,048	7,717,922	99,987	425,707	84,775,602	348,403,765

The UA Board announced closure of our Carnsworth facility in Kew in December 2019, due to the facility no longer meeting community expectations, resulting in an impairment of the Carnsworth facility, excluding land & buildings which are held at fair value, of $1,036,436 as at 30 June 2019.

Note 11. Non-current assets - property, plant and equipment (continued)

Valuations of land and buildings
During the year the accounting policy for the entity's land and buildings was changed from cost to the revaluation model. Under the revaluation model, on an annual basis the fair value of land and buildings are compared to the carrying amount. Movements in fair value are recognised through the revaluation reserve. In accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors the change in accounting policy has been recognised as a revaluation in accordance with AASB 116 Property, Plant and Equipment, with no retrospective application.

The basis of the valuation of land and buildings is fair value. The land and buildings were last revalued as of 30 June 2019 based on independent assessments by an independent expert valuer having recent experience in the location and category of land and buildings being valued. Valuations are based on current prices for similar properties in the same location and condition.

Note 12. Non-current assets - intangibles

	Aggregated 2019 $	Aggregated 2018 $
Goodwill - at cost	4,558,663	-
Bed licences - at independent valuation	41,480,000	-
Bed licences - at deemed cost	-	51,448,448
Less: Impairment	-	(21,948,448)
	41,480,000	29,500,000
Software - at cost	9,609,415	8,087,708
Less: Accumulated amortisation	(6,408,570)	(5,338,022)
	3,200,845	2,749,686
Intangibles in progress - at cost	1,490,641	1,656,339
	50,730,149	33,906,025

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Aggregated	Goodwill $	Bed licences $	Software $	Intangibles in progress $	Total $
Balance at 1 July 2018	-	29,500,000	2,749,686	1,656,339	33,906,025
Additions (net of transfers)	-	-	1,520,226	(165,698)	1,354,528
Additions through business combinations (note 23)	4,558,663	-	1,481	-	4,560,144
Reversal of impairment charges recognised in prior periods on revaluation of intangible assets	-	4,805,000	-	-	4,805,000
Amortisation expense	-	-	(1,070,548)	-	(1,070,548)
Revaluation increments	-	7,175,000	-	-	7,175,000
Balance at 30 June 2019	4,558,663	41,480,000	3,200,845	1,490,641	50,730,149

Valuation of goodwill
Goodwill arises on the acquisition of a business. On an annual basis the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the carrying amount to determine whether there is any impairment. On this basis, no impairment loss has been recognised in the current or prior year.

Note 12. Non-current assets - intangibles (continued)

Valuation of bed licences
During the year the entity's bed licences accounting policy changed from deemed cost to the revaluation model. under the revaluation model, on an annual basis the fair value of bed licences are compared to the carrying amount. Movements in fair value are recognised through the revaluation reserve. In accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors the change in accounting policy has been recognised as a revaluation in accordance with AASB 138 Intangible Assets, with no retrospective application.

The basis of the valuation of bed licences is fair value. The bed licences were last revalued as of 30 June 2019 based on independent assessments by an independent expert valuer having recent experience in the valuation of bed licences. Valuations are based on current prices for similar licences.

Software development costs
Development costs have been capitalised at cost. This intangible asset has been assessed as having a finite life and is amortised using the straight line method. If an impairment indicator arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

Note 13. Non-current assets - other non-current assets

	Aggregated	
	2019 $	2018 $
Other	2,255,820	1,982,157

Note 14. Current liabilities - trade and other payables

	Aggregated	
	2019 $	2018 $
Trade payables	7,380,694	5,416,238
Related party payable to Uniting Church in Australia	13,052	13,200
Sundry payables and accrued expenses	8,700,856	9,571,856
	16,094,602	15,001,294

Trade payables, sundry payables and accrued expenses are non-interest bearing liabilities. Trade payable payments are processed once they have reached 30 days from the date of invoice for electronic funds transfer payments or cheque payment or 30 days from the end of the month of invoice for other payments. No interest is charged on trade payables.

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

Note 15. Current liabilities - provisions

	Aggregated	
	2019 $	2018 $
Employee benefits	16,381,556	15,545,033
Resident capital gain	2,696,691	2,176,626
	19,078,247	17,721,659

Note 16. Current liabilities - resident ingoings

	Aggregated 2019 $	Aggregated 2018 $
Resident ingoings	250,901,560	230,251,530

Note 17. Current liabilities - other current liabilities

	Aggregated 2019 $	Aggregated 2018 $
Deferred income	9,754,459	7,905,415

Note 18. Non-current liabilities - provisions

	Aggregated 2019 $	Aggregated 2018 $
Employee benefits	4,917,639	4,213,586

Note 19. Equity - reserves

	Aggregated 2019 $	Aggregated 2018 $
Asset revaluation reserve	110,120,315	-
General reserve	-	33,950,595
Specific reserve	-	4,229,310
	110,120,315	38,179,905

Asset revaluation reserve
The reserve is used to recognise increments and reductions in the fair value of bed licences and land and buildings, excluding investment properties, held under the revaluation model.

General reserve
The general reserve included amounts that had been historically set aside to fund general items or projects and historical fair value changes on financial assets which were not to be reversed until the investments were derecognised. This reserve has been reversed during the year through retained earnings.

Specific reserve
The specific reserve records amounts that had been historically set aside to fund specific items or projects. This reserve has been reversed during the year through retained earnings.

Note 19. Equity - reserves (continued)

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Aggregated	Asset revaluation reserve $	General reserve $	Specific reserve $	Total $
Balance at 1 July 2017	216,174	27,308,654	4,229,310	31,754,138
Transfer to retained earnings	(216,174)	-	-	(216,174)
Movement in financial assets	-	6,641,941	-	6,641,941
Balance at 30 June 2018	-	33,950,595	4,229,310	38,179,905
Adjustment on adoption of AASB 9	-	(8,892,770)	-	(8,892,770)
Transfer to retained earnings	-	(25,057,825)	(4,229,310)	(29,287,135)
Revaluation of land and buildings - gross	102,945,315	-	-	102,945,315
Revaluation of bed licences - gross	7,175,000	-	-	7,175,000
Balance at 30 June 2019	110,120,315	-	-	110,120,315

Note 20. Key management personnel disclosures

Compensation
The aggregate compensation made to the key management personnel of the entity is set out below:

	Aggregated 2019 $	2018 $
Aggregate compensation	2,712,267	2,351,176

Note 21. Commitments

	Aggregated 2019 $	2018 $
Redevelopment of properties		
Capital expenditure committed at the reporting date but not recognised as liabilities, payable:		
Within one year	46,290,674	59,095,475
One to five years	21,412,080	46,695,525
	67,702,754	105,791,000

Note 22. Related party transactions

Subsidiaries
Interests in subsidiaries are set out in note 24.

Key management personnel
Disclosures relating to key management personnel are set out in note 20.

Note 22. Related party transactions (continued)

Transactions with related parties
The following transactions occurred with related parties:

	Aggregated 2019 $	Aggregated 2018 $
Other income:		
Interest received from Uniting Church in Australia Synod of Victoria and Tasmania	6,959,181	6,656,347

Interest was received, on normal commercial terms, by the entity from U Ethical Funds Management, a related entity. This interest was received in relation to deposits held on behalf of the entity.

Transactions with board member related parties
The following transactions occurred with board member related parties on normal commercial terms:

Eastern Health	Health service fees	2,884,559	2,839,225
Ernst and Young	Consulting fees	130,000	-
Gadens Lawyers	Legal fees	-	816
Alzheimer's Australia	Course fees	-	13,458
Deakin University	Research project funding	130,000	115,000
Monash Health	Client brokerage	316	418
Cabrini Research Institute Council	Client brokerage	-	180
WJ Quinn Consulting	Travel and course reimbursements	34,638	12,950
Kate Andrews Consulting	Consulting fees	409	-
Council of the Ageing Australia	Course fees	80	159
Bolton Clarke	Client services	64,482	40,137
Australian Institute of Company Directors	Membership fees	2,975	-

Ms Jill Linklater (Board Member) is a Board Member of Eastern Health and a member of the Deakin University External Advisory Board.
Ms Julia Langdon (Board Member) is a partner of Ernst & Young.
Ms Sabine Phillips (Board Member) is a Partner of Gadens Lawyers and a Board Member of Alzheimer's Australia.
Prof Alison Hutchinson (Board Member) is the Professor of Nursing at Deakin University, the Chair of Nursing at Monash Health and a member of the Cabrini Research Institute Council.
Mrs Wendy Quinn (Board Member) is the owner of WJ Quinn Consulting.
Ms Kate Andrews (Board Member) is an Independent Management Consultant of Kate Andrews Consulting and a Non-Executive Director on the Governance, HR and Remuneration Committee of the Council of the Ageing Australia.
Ms Jan Begg (Board Member) is a member of Bolton Clarke and a Member of the Technology Governance & Innovation Panel and a representative on Standards Australia Committee IT-030 of the Australian Institute of Company Directors.

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Aggregated 2019 $	Aggregated 2018 $
Current receivables:		
Receivable from Uniting Church in Australia	16,318	23,226
Current payables:		
Payable to Uniting Church in Australia	13,052	13,200

Note 22. Related party transactions (continued)

Financial assets to/from related parties
The following balances are outstanding at the reporting date in relation to financial assets to/from related parties:

	Aggregated	
	2019	**2018**
	$	**$**
Current receivables:		
Deposits with U Ethical Funds Management (Cash Portfolio)	94,226,123	132,237,454
Investments with U Ethical Funds Management (Growth Portfolio)	103,543,194	94,102,538

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 23. Business combinations

On 3 October 2018 Uniting AgeWell Victoria acquired 100% of the ordinary shares of Guardian Network Pty Ltd for the total consideration transferred of $5,500,000. Guardian Network Pty Ltd is a home care service provider.

Details of the acquisition are as follows:

	Fair value
	$
Cash and cash equivalents	1,208,754
Trade and other receivables	366,748
Other current assets	11,404
Property, plant & equipment	49,420
Intangible assets	1,481
Other non-current assets	25,898
Trade and other payables	(680,388)
Employee benefits	(41,980)
Net assets acquired	941,337
Goodwill	4,558,663
Acquisition-date fair value of the total consideration transferred	5,500,000
Representing:	
Cash paid or payable to vendor	5,500,000
Payments for acquisition of subsidiary, net of cash and cash equivalents acquired	4,291,246

Note 24. Interests in subsidiaries

The aggregated financial statements incorporate the assets, liabilities and results of the following subsidiary of Uniting AgeWell Victoria in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2019 %	2018 %
Guardian Network Pty Ltd	Australia	100.00%	-

Uniting AgeWell Victoria obtained control of Guardian Network Pty Ltd from 3 October 2018.

Note 25. Events after the reporting period

On the 1 July 2019, the Uniting Church in Australia Property Trust (Vic) and The Uniting Church in Australia Property Trust (Tas) transferred the operations, assets and liabilities of Uniting AgeWell Victoria and Tasmania to an incorporated entity Uniting Agewell Limited for nil consideration.

Uniting Agewell Limited is an approved provider under the Aged Care Act 1997 and jointly owned by the Victorian and Tasmanian property trusts.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the entity's operations, the results of those operations, or the entity's state of affairs in future financial years.

Uniting AgeWell Victoria and Tasmania
Members' declaration
30 June 2019

The Board of Governance declares that:

- the attached financial statements and notes comply with the Australian Charities and Not-for-Profits Commission Act 2012, the Australian Accounting Standards - Reduced Disclosure Requirements, the Australian Charities and Not-for-Profits Commission Regulation 2013 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the entity's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the entity 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 of Governance.

On behalf of the members

Mr Simon Brewin Acting Chairperson	Mr Ian Sanders Board Members

24 September 2019

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Independent Auditor's Report

To the Victorian & Tasmanian Synod of the Uniting Church in Australia

Report on the audit of the financial report

Opinion

We have audited the financial report of Uniting AgeWell Victoria & Tasmania and its subsidiary (collectively the "Aggregated Entity"), which comprises the aggregated statement of financial position as at 30 June 2019, and the aggregated statement of comprehensive income, aggregated statement of changes in equity and aggregated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information to the financial report and the statement by the Board of Governance of the Aggregated Entity.

In our opinion, the financial report of Uniting AgeWell Victoria & Tasmania has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

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

b complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Aggregated Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) and the *Australian Charities and Not-for-profits Commission Act 2012* that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Auditor's Report

The Board of Governance of the Aggregated Entity are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the statement by the Board of Governance for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Board of Governance for the financial report

The Board of Governance of the Aggregated Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the ACNC Act, and for such internal control as the Board of Governance determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board of Governance are responsible for assessing the Aggregated Entity's ability 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 of Governance either intend to liquidate the Aggregated Entity or to cease operations, or have no realistic alternative but to do so.

The Board of Governance are responsible for overseeing the Aggregated Entity's financial reporting process.

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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

A C Pitts

Partner – Audit & Assurance

Melbourne, 24 September 2019