



**ANGLICARE VICTORIA
ANNUAL FINANCIAL REPORT
30 JUNE 2020**

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**BETTER
TOMORROWS**

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Statement of surplus and deficit and other comprehensive income For the year ended 30 June 2020

	Note	2020 \$'000's	2019 \$'000's
Service Delivery - Operating Revenue			
Government funds / grants			
- State		133,879	125,609
- Federal		4,479	4,259
- Local		28	36
Client Fees		12,784	11,354
Funding from other Agencies		10,451	9,234
Other		893	930
Total operating revenue		162,514	151,422
Service Delivery - Operating Expenditure			
Employee Benefits Expenses	7	132,976	118,116
Client and caregiver costs		15,371	16,522
Property, Maintenance & Equipment Expenses		3,770	3,483
Travel & Motor Vehicle Expenses		1,866	1,832
Administration Expenses		6,867	6,885
Depreciation & Amortisation Expenses	13	5,195	2,276
Leasing Expenses	17	2,014	4,635
Other Expenses		132	203
Total operating expenditure		168,191	153,952
NET OPERATING DEFICIENCY		(5,677)	(2,530)
Net investment income	6a	2,970	2,899
Net fundraising, donations and bequests	6b	5,655	3,486
NET OPERATING SURPLUS		2,948	3,855
Non-operating activities			
Grant to Anglicare Victoria Childrens Foundation		-	(88)
Net (loss) / gain on sale of plant and equipment & investments	8	(276)	758
Financial assets - net change in fair value through profit and loss		(692)	387
Financing costs - interest on lease liabilities		(375)	-
Heritage/Redress claims cost		(2,701)	(859)
NON-OPERATING (LOSS)/INCOME		(4,044)	198
NET (DEFICIT) / SURPLUS FOR THE YEAR		(1,096)	4,053
Other comprehensive (loss)/income for the year		-	-
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR		(1,096)	4,053

The notes on pages 6 to 20 are an integral part of these financial statements.

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Statement of financial position

As at 30 June 2020

	Note	2020 \$'000's	2019 \$'000's
Assets			
Cash and cash equivalents	10	15,518	10,894
Trade and other receivables	11	4,322	4,652
Inventories		380	309
Investments	12	30,243	29,385
Total Current Assets		<u>50,463</u>	<u>45,240</u>
Investments	12	4,347	3,221
Property, plant and equipment	13a	22,666	21,854
Intangible assets	13b	4,028	3,715
Lease - right of use assets	13c	4,681	-
Total Non-Current Assets		<u>35,722</u>	<u>28,790</u>
Total Assets		<u>86,185</u>	<u>74,030</u>
Liabilities			
Trade and other payables	14a	4,385	3,694
Provisions for Redress Claims	14b	2,481	1,200
Employee benefits	15	19,433	15,856
Deferred income		18,062	15,178
Lease liabilities	17	2,559	-
Total Current Liabilities		<u>46,920</u>	<u>35,928</u>
Employee benefits	15	1,158	1,198
Deferred Income		400	400
Lease liabilities	17	2,299	-
Total Non-Current Liabilities		<u>3,857</u>	<u>1,598</u>
Total Liabilities		<u>50,777</u>	<u>37,526</u>
Net Assets		<u>35,408</u>	<u>36,504</u>
Equity			
Establishment corpus	16(a)	23,767	23,767
Reserves - Property	16(b)	15,618	15,618
Accumulated (losses)		(3,977)	(2,881)
Total Equity		<u>35,408</u>	<u>36,504</u>

The notes on pages 6 to 20 are an integral part of these financial statements.

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Statement of changes in equity For the year ended 30 June 2020

	Establishment corpus	Property reserve	Accumulated losses	Total equity
	\$'000's	\$'000's	\$'000's	\$'000's
Balance at 1 July 2018	23,767	15,618	(6,934)	32,451
Total comprehensive income for the year				
Surplus/(deficit) for the year	-	-	4,053	4,053
<i>Other comprehensive income</i>	-	-	-	-
Total comprehensive income /(loss) for the year	-	-	4,053	4,053
<i>Items recognised directly in equity</i>	-	-	-	-
Total items recognised directly in equity	-	-	-	-
Balance at 30 June 2019	23,767	15,618	(2,881)	36,504
Balance at 1 July 2019	23,767	15,618	(2,881)	36,504
Total comprehensive income for the year				
Surplus/(deficit) for the year	-	-	(1,096)	(1,096)
<i>Other comprehensive income</i>	-	-	-	-
Total comprehensive income / (loss) for the year	-	-	(1,096)	(1,096)
<i>Items recognised directly in equity</i>	-	-	-	-
Total items recognised directly in equity	-	-	-	-
Balance at 30 June 2020	23,767	15,618	(3,977)	35,408

The notes on pages 6 to 20 are an integral part of these financial statements.

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Statement of cash flows
For the year ended 30 June 2020

	Note	2020 \$'000's	2019 \$'000's
Cash flows from operating activities:			
Receipts from government and other		172,840	154,673
Payments to suppliers and employees		<u>(162,986)</u>	<u>(152,702)</u>
Cash from operations		9,854	1,971
Bequests received		<u>899</u>	<u>790</u>
Net cash generated from operating activities		<u>10,753</u>	<u>2,761</u>
Cash flows from / (used in) investing activities:			
Interest received		128	121
Dividends and distributions received		1,121	1,247
Fund manager fees		(166)	(161)
Acquisition of property, plant and equipment		(3,002)	(2,647)
Acquisition of intangible assets		(791)	(739)
Acquisition of investments and financial assets		(5,952)	(10,694)
Proceeds from sale of property, plant and equipment		472	584
Proceeds from sale of investments and financial assets		<u>4,941</u>	<u>7,963</u>
Net cash from / (used in) investing activities		<u>(3,249)</u>	<u>(4,326)</u>
Cash flows from / (used in) financing activities:			
Payment of lease liabilities		(2,505)	-
Interest on lease liabilities		<u>(375)</u>	<u>-</u>
Net cash used in financing activities		<u>(2,880)</u>	<u>-</u>
Net increase / (decrease) in cash and cash equivalents		4,624	(1,565)
Cash and cash equivalents at 1 July		10,894	12,459
Cash and cash equivalents at 30 June	10	<u>15,518</u>	<u>10,894</u>

The notes on pages 6 to 20 are an integral part of these financial statements.

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Notes to the financial statements

For the year ended 30 June 2020

1. Reporting Entity

Anglicare Victoria (The Agency) is an Anglican welfare agency established by the Anglicare Welfare Agency Act 1997. The purpose of the Act was to incorporate an Anglican Welfare Agency as the successor in law of the Anglican Mission to the Streets and Lanes of Melbourne, The Mission of St James and St John and St Johns Home for Boys and Girls. It is a not-for-profit agency domiciled in Australia.

The Agency is primarily involved in the provision of benefits for the welfare of children, young people and families who are disadvantaged.

The Agency's registered office (registered with Australian Charities and Not-for-Profits Commission) is 103 Hoddle Street, Collingwood, Victoria 3066.

2. Basis of preparation

(a) Statement of compliance

The financial statements of the Agency are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards- Reduced Disclosure Requirements (issued by the Australian Accounting Standards Board).

The Agency is a reporting entity under the Australian Charities and Not-for-profits Commission Act and is not exempt from preparing consolidated financial statements.

These separate financial statements reflect the financial performance and position of the Agency only, and do not include the financial performance and position of its controlled entity.

The details of the investment in a controlled entity is disclosed in Note 18 to the financial report. The investment is accounted for at cost.

This is the first set of financial statements in which AASB 16 Leases, AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities have been applied. Changes to significant accounting policies are described in Note 3 (l). The financial report was authorised for issue by the Board on 2 September 2020

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for investments which are measured at fair value.

(c) Functional and presentation currency

The financial statements are presented in Australian dollars. All financial information presented has been rounded to the nearest thousand, unless otherwise stated.

(d) Going Concern

The financial statements have been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

(e) Use of estimates and judgements

The preparation of financial statements requires management to make certain judgements, estimates and assumptions that affect the reported amounts of particular assets, liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the Financial Statements are described in Note 14(b) – Provisions – Redress Claims

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Financial instruments

Financial instruments in relation to these financial statements are the following:

Financial assets - cash and cash equivalents
- trade and other receivables
- investments

Financial Liabilities - trade and other payables

Recognition and derecognition

Financial assets and financial liabilities are recognised at cost when the Agency becomes a party to the contractual provisions of the financial instrument.

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Notes to the financial statements

For the year ended 30 June 2020

Classification and measurement of financial assets and financial liabilities

The Agency has measured and classified its financial assets as follows:

- Trade and other receivables, cash and cash equivalents measured and classified as Financial Assets at Amortised Cost, with gains and losses taken through the statement of surplus and deficit and other comprehensive income.
- Investments are measured and classified as Financial Assets at Fair Value (refer note 4) through the statement of surplus and deficit and other comprehensive income, with all gains and losses recognised through the statement of surplus and deficit and other comprehensive income.
- Financial liabilities consist of trade and other payables, which, are measured initially at fair value plus any directly attributable transaction costs, and are then subsequently measured at amortised cost through the statement of surplus and deficit and other comprehensive income.

(b) Impairment

(i) Impairment of financial assets

Impairment testing is based on an informed assessment of expected credit losses that may occur.

Write-off

The gross carrying amount of a financial asset is written off when the Agency has no reasonable expectations of recovery.

(ii) Impairment of Non-financial assets – Property, Plant, Equipment and Intangible assets

The carrying amounts of the Agency's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment i.e. the recoverable amount of the asset is estimated to be less than its carrying amount. If any such indication exists, then the asset's recoverable amount is estimated and the carrying amount is reduced to its recoverable amount. The reduction in carrying amount of the asset is classified as an impairment loss recognised immediately in the statement of surplus

and deficit and other comprehensive income. For the year ended 30 June 2020 there was no impairment adjustments made to these classes of assets.

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Any gain and loss on disposal of an item of property, plant and equipment is recognised in Statement of surplus and deficit and other comprehensive income.

(ii) Depreciation

Depreciation is charged against the cost of property, plant and equipment less their estimated residual values, using the straight-line basis over their estimated useful lives, and is recognised in the statement of surplus and deficit and other comprehensive income. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Agency will obtain ownership by the end of the lease. Land is not depreciated. The estimated useful lives of property, plant and equipment are as follows for current and comparative year:

Buildings	40 years
Plant and equipment - other	4-7 years
Fixtures and fittings (plant and equipment)	3-9 years
Motor vehicles (plant and equipment)	5 years
Leasehold improvements	3-10 years

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

(d) Leases

The Agency recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from

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Notes to the financial statements

For the year ended 30 June 2020

the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Agency's incremental borrowing rate.

The Agency leases assets that include property, motor vehicles and office equipment.

The Agency has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Agency recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(e) Employee benefits

(i) Defined contribution superannuation funds

The Agency contributes to defined contribution plans. Obligations are recognised as a personnel expense in the statement of surplus and deficit and other comprehensive income.

(ii) Short-term employee benefits

Short-term employee benefits are expensed in the year incurred. A liability is recognised for the amount expected to be paid if the Agency 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.

(iii) Other long-term employee benefits

The Agency's net obligation in respect of long service leave and annual leave provisions is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on costs; that benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on Australian high quality corporate bonds that have maturity dates approximating the terms of the Agency's obligation.

From 01 July 2019, the Agency paid into the Victorian Government's Portable LSL

scheme for those applicable staff under the scheme. Any future payments for LSL accrued for these staff from this date can be claimed back from the scheme. Portable LSL expense for the year was \$1.3m (2019: nil).

(f) Provisions

A provision is recognised if, as a result of a past event, the Agency has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(g) Investment income

Investment income comprises interest income on funds invested, dividend income and rental income from properties and distributions from managed funds. Interest income is recognised on an accruals basis. Dividend income is recognised on the date that the Agency's right to receive payment is established, which in the case of quoted securities is the ex-dividend or interest date. Distributions from managed funds are recognised as distributed.

(h) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis, except for GST components of cash flows arising from investing and financing activities which are classified as operating cash flows.

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Notes to the financial statements

For the year ended 30 June 2020

(i) Revenue

(i) Government grant income

Grant income arising from an agreement to provide services which contains enforceable and sufficiently specific performance obligations is recognised when control of each performance obligations is satisfied. The performance obligations are varied based on the agreement. Within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract. Where control is transferred over time, generally the revenue is recognition based on either cost or time incurred which best reflects the transfer of control. Where specifically designated grant revenue and the designated expenditure for such grants during the year has not occurred or is incomplete and there is likely to be an obligation to repay, the resulting amount is carried forward and recognised in contract liability and will be brought to account in future years as the funds are expended.

(ii) Non-government funds

Revenue derived from donations, fundraising activities, client fees, philanthropic trusts, foundations and other sources, are recognised as revenue when received unless specific obligations attached to the funds received are yet to be performed. Such unperformed obligations are recorded as deferred income in the Statement of Financial Position.

(iii) Net gain on sale of non-current assets

Net gain (or loss) on sale of non-current assets is recognised in the Statement of surplus and deficit and other comprehensive income. These can be derived when investments, or property, plant and equipment are disposed. The property reserve records the cumulative net gain or loss realised on disposal of properties by the Agency transferred from accumulated surplus / loss.

(iv) Deferred income

Deferred income relates to unexpended grant income, legacies, gifts in wills and

donations for which revenue will be recognised over time as the Agency's performance obligations are met, and where there is an obligation to repay any unutilised funds.

(v) Rental income

Rents received are recognised on a straight line basis over the lease term.

(j) Intangible assets – IT software

(i) Recognition and measurement

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Agency intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs.

Capitalised development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses in accordance with Note 3(b)(ii).

(ii) 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, including expenditure on internally generated goodwill and brands, is recognised in the statement of surplus and deficit and other comprehensive income as incurred.

(iii) Amortisations

Intangible assets are amortised on a straight-line basis in the Statement of surplus and deficit and other comprehensive income over their estimated useful lives, from the date that they are available for use.

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For the year ended 30 June 2020

The estimated useful lives for the current and comparative years are as follows:

Capitalised software development costs 5 – 10 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(k) Inventories

Inventories are measured at the lower of cost and net realisable value.

(l) New Accounting Standards

The Agency has applied AASB 15, AASB 1058 and AASB 16 from 01 July 2019. A number of other new standards are also effective from 01 July 2019 but do not have a material effect on the Agency's financial statements.

(i) AASB 15 Revenue from Contracts with Customers and AASB 1058 Income for Not-for-Profit Entities

AASB 15 and AASB 1058 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Under AASB 15, revenue is recognised when a customer obtains control of the goods or services.

Determining the timing of the transfer of control -at a point in time or over time - requires judgement.

Under AASB 1058, income is recognised in the statement of surplus and deficit and other comprehensive income when:

- Services provided are volunteer services;
- Assets are acquired for which the consideration provided is significantly less than fair value and the asset enables the Agency to further its objectives;
- The contract does not contain enforceable rights and obligations and does not create sufficiently specific performance obligations.

The Agency has adopted and recognised AASB 15 and AASB 1058 at the date of initial application (i.e. 1 July 2019).

Accordingly, the information presented for 2019 has not been restated. Additionally, the disclosure requirements in AASB 15 and

AASB 1058 have not generally been applied to comparative information.

The Agency has assessed all of its revenue streams in accordance with the requirements of AASB 15 and AASB 1058 and concluded that there is no material impact of applying these new accounting standards on the financial statements.

(ii) AASB 16 Leases

AASB 16 introduces a single lessee accounting model, which removes the distinction between operating and finance leases and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The Agency has elected to apply the practical expedient to grandfather the assessment of which transactions are leases, which meant that the new requirements were only applied to arrangements which were previously identified as leases under the superseded Standard.

For leases entered prior to 01 July 2019, the Agency has applied AASB16 using the modified retrospective approach where the right-of-use-asset is recognised at the initial date of application (01 July 2019) as an amount equal to the lease liability. Lease liability is determined based on the remaining payments of the lease, discounted using the incremental borrowing rate as at 01 July 2019. The incremental borrowing rate as at this date by asset class was Property 7.56%, motor vehicles 3.79% and office equipment 5.15%. The value of the lease liability and the equivalent value of the right-of-use-asset as at this date is \$6,060,397. There is no impact on equity as at the date of initial application.

Comparative information has not been restated and continues to be reported under AASB 117 and AASB Interpretation 4 as an expense on a straight-line basis over the lease term.

Operating lease commitments as at 30 June 2019 were \$6.948 million, of which

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\$0.515 million related to short-term leases that did not meet the AASB 16 criteria. The remaining \$6.433 million was discounted by \$0.373 million, giving the \$6.060 lease liability equivalent value.

The Agency has elected not to recognise leases as right-to-use assets whose term ends within 12 months of the date of initial allocation. The Agency recognises the lease payments associated with these leases on a straight-line basis over the remaining lease term.

The Agency has excluded initial direct costs from the measurement of right-of-use assets at the date of initial application, and has assessed that it is not reasonably certain to exercise any future renewal options.

For leases entered into after 01 July 2019, the Agency applied the policies as set out under Note 3(d).

4. Determination of fair values, and financial risk management

A number of the Agency's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/ or disclosure purposes based on the following methods:

(i) **Accounts receivables and payables**

The carrying amounts of current receivables and current payables are considered to be a reasonable approximation of fair value because of their short-term maturity.

(ii) **Investments**

The fair value of investments are determined as follows:

- Listed – by reference to their quoted bid price at the reporting date; and
- Unlisted – by reference to declared fund manager valuations at the reporting date, which are typically determined by reference to recent transaction values or commonly accepted valuation methodologies.

Risk management approach to investments

The Agency has assets in investments and managed funds that trade in the financial markets, which include the equities, currencies, commodities, fixed interest and private equity markets. Taking positions in these markets expose the Agency's investments and managed funds to price fluctuations due to changes in credit, liquidity, currency, interest rate, political and economic conditions, locally in Australia and internationally.

The Agency's risk management philosophy on investments is to diversify financial market risks as follows:

- Asset diversification – have a balanced portfolio of asset classes, within a tolerance band for each asset class.
- Style diversification – engage fund managers with different investment styles.
- Time in the markets – invest over a long period of time, and over different business cycles.

Other risk management initiatives

The Agency's operating environments are constantly evolving. The governance and management of operational risks is overseen by the Board on all matters relating to the financial performance and integrity of the Agency.

Liquidity risks

Liquidity risk is the risk the Agency will not be able to meet its financial obligations as they fall due. The Agency adopts a prudent approach to managing liquidity to ensure that it has sufficient cash to meet expected operational expenses and liabilities.

5. Taxation

The Agency is a not-for-profit entity. It is exempt from most forms of Taxation with the exception of Fringe Benefits Tax and Goods and Services Tax.

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Notes to the financial statements For the year ended 30 June 2020

Note	2020 \$'000's	2019 \$'000's
6(a). Net investment income		
Distribution from Anglicare Victoria Childrens Foundation	1,387	1,100
Dividend and distribution income	1,172	1,363
Interest income	125	109
	<u>2,684</u>	<u>2,572</u>
Less: Fund managers' fees	(144)	(146)
	<u>2,540</u>	<u>2,426</u>
Rental income	430	473
Net investment income	<u>2,970</u>	<u>2,899</u>
6(b). Net Revenue from bequests, donations and fundraising		
Bequests	899	877
Donations and fundraising	5,584	3,207
	<u>6,483</u>	<u>4,084</u>
Less: fundraising expenses	(828)	(598)
	<u>5,655</u>	<u>3,486</u>
7. Employee expenses		
Wages and salaries	110,944	98,504
Other associated personnel expenses	9,316	9,116
Contributions to defined contribution superannuation funds	10,378	9,156
Increase in liability for annual leave	2,063	711
Increase in liability for long service leave	275	629
	<u>132,976</u>	<u>118,116</u>
8. Net (loss) / gain on sale of non-current assets		
Net (loss) / gain on disposal of investments	(600)	174
Net gain on disposal of property, plant and equipment	324	584
	<u>(276)</u>	<u>758</u>
9. Auditor's remuneration		
Audit Services:	\$	\$
Auditors of the Agency		
KPMG Australia:		
Audit and review of financial reports	103,186	73,745
Other regulatory audit services	28,438	10,250
	<u>131,624</u>	<u>83,995</u>
Other Services:		
Auditors of the Agency		
KPMG Australia:		
Tax advisory services	-	28,188
Advisory services	54,942	68,544
	<u>54,942</u>	<u>96,732</u>
Total auditor's remuneration	<u>186,566</u>	<u>180,727</u>

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Notes to the financial statements
For the year ended 30 June 2020

	Note	2020 \$'000's	2019 \$'000's
10. Cash and cash equivalents			
Bank balances		5,436	5,716
Call deposits		10,082	5,178
		<u>15,518</u>	<u>10,894</u>
11. Trade and other receivables			
<u>Current</u>			
Investments Income receivable		372	284
Other receivables		3,484	4,066
Prepayments		466	302
		<u>4,322</u>	<u>4,652</u>
12. Investments			
<u>Current</u>			
Investments at fair value through profit or loss (FVTPL)	3(a)	<u>30,243</u>	<u>29,385</u>
		30,243	29,385
<u>Non-Current</u>			
Investment in COMPASS Social Impact Bond Loan Notes designated as at FVTPL		2,253	1,127
Investment in controlled entity at cost		2,094	2,094
		<u>4,347</u>	<u>3,221</u>
Total Investments		<u>34,590</u>	<u>32,606</u>

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For the year ended 30 June 2020

13. Property, plant and equipment and intangible assets

13.(a) Property, plant and equipment

	\$'000's Land and buildings	\$'000's Leasehold improvements	\$'000's Plant and equipment	\$'000's Capital work in progress	\$'000's Total
Cost					
Balance at 1 July 2018	18,775	3,485	3,899	790	26,949
Additions	147	38	569	1,777	2,531
Disposals	(717)	-	(71)	-	(788)
Transfer from capital work in progress	-	1,021	490	(1,511)	-
Balance at 30 June 2019	18,205	4,544	4,887	1,056	28,692
Balance at 1 July 2019	18,205	4,544	4,887	1,056	28,692
Additions	65	14	796	2,189	3,064
Disposals	(137)	(123)	(339)	-	(599)
Transfer from capital work in progress	320	(74)	733	(979)	-
Balance at 30 June 2020	18,453	4,361	6,077	2,266	31,157
Depreciation					
Balance at 1 July 2018	3,308	993	899	-	5,200
Depreciation charge for the year	316	540	1,032	-	1,888
Disposals	(191)	-	(59)	-	(250)
Balance at 30 June 2019	3,433	1,533	1,872	-	6,838
Balance at 1 July 2019	3,433	1,533	1,872	-	6,838
Depreciation charge for the year	306	604	1,178	-	2,088
Disposals	-	(113)	(322)	-	(435)
Balance at 30 June 2020	3,739	2,024	2,728	-	8,491
Carrying amounts					
At 1 July 2018	15,467	2,492	3,000	790	21,749
At 30 June 2019	14,772	3,011	3,015	1,056	21,854
At 1 July 2019	14,772	3,011	3,015	1,056	21,854
At 30 June 2020	14,714	2,337	3,349	2,266	22,666

Anglicare Victoria has obtained a formal assessment from property consultant R.L. Courtney Pty Ltd to provide a formal valuation assessment of its land and buildings assets. The external assessment has estimated that the "fair value" of Anglicare Victoria's land and buildings, as at 30 June 2020, to be \$41.73m.

ANGLICARE VICTORIA

Notes to the financial statements

For the year ended 30 June 2020

13. Property, plant and equipment and intangible assets (continued)

13.(b) Intangible assets -software

	\$'000's Intangible Assets	\$'000's Intangible Assets (work-in progress)	\$'000's Total
Cost			
Balance at 1 July 2018	3,606	514	4,120
Additions	61	586	647
Disposals	-	-	-
Transfer from work in progress	122	(122)	-
Balance at 30 June 2019	<u>3,789</u>	<u>978</u>	<u>4,767</u>
Balance at 1 July 2019	3,789	978	4,767
Additions	146	592	738
Disposals	-	-	-
Transfer from work in progress	5	(5)	-
Balance at 30 June 2020	<u>3,940</u>	<u>1,565</u>	<u>5,505</u>
Amortisation			
Balance at 1 July 2018	664	-	664
Amortisation charge for the year	388	-	388
Disposals	-	-	-
Balance at 30 June 2019	<u>1,052</u>	<u>-</u>	<u>1,052</u>
Balance at 1 July 2019	1,052	-	1,052
Amortisation charge for the year	425	-	425
Disposals	-	-	-
Balance at 30 June 2020	<u>1,477</u>	<u>-</u>	<u>1,477</u>
Carrying amounts			
At 1 July 2018	<u>2,942</u>	<u>514</u>	<u>3,456</u>
At 30 June 2019	<u>2,737</u>	<u>978</u>	<u>3,715</u>
At 1 July 2019	<u>2,737</u>	<u>978</u>	<u>3,715</u>
At 30 June 2020	<u>2,463</u>	<u>1,565</u>	<u>4,028</u>

ANGLICARE VICTORIA

Notes to the financial statements For the year ended 30 June 2020

13. Property, plant and equipment and intangible assets (continued)

13.(c) Leases - Right of use assets

Anglicare Victoria leases the following assets.

Note	\$'000's Property	\$'000's Motor Vehicles	\$'000's Office Equipment	\$'000's Total
Balance at 1 July 2019	4,517	1,373	171	6,061
Additions	168	1,134	-	1,302
Disposals	-	-	-	-
Depreciation charge for the year	(1,512)	(1,042)	(128)	(2,682)
Balance at 30 June 2020	3,173	1,465	43	4,681

ANGLICARE VICTORIA

Notes to the financial statements For the year ended 30 June 2020

	2020 \$'000's	2019 \$'000's
14.(a) Trade and other payables		
<u>Current</u>		
Trade creditors	1,272	1,662
Other creditors and accruals	3,113	1,959
Monies held on behalf of Trusts	-	73
	4,385	3,694
14.(b) Provisions - current		
Provision for heritage claims	2,481	1,200

Anglicare Victoria recognises the importance of justice for former heritage clients who may have suffered harm during their time in care with the Agency or its predecessor agencies being:

- the Mission of St. James and St. John;
- St. John's Homes for Boys and Girls; and
- the Mission to the Streets and Lanes.
- St Lukes Anglicare

It deeply regrets any incident of abuse perpetrated in any of our predecessor agencies against children who had been in their care.

All heritage client claims that are lodged with Anglicare Victoria undergo due process that enables them to be properly assessed for the appropriate responses and resolution. The resolution of a claim might involve providing pastoral care and counselling to former clients, responding to the disclosure of harm suffered by former clients in a way that is just and observant of community expectations, and it might or might not involve financial compensation.

For the 2019/20 financial year, Anglicare Victoria has provided for the settlement of future heritage client claims at \$2,481,000 (2019: \$1,200,000). This has been based on the evaluation of prior year claims history.

	2020 \$'000's	2019 \$'000's
15. Employee benefits		
<u>Current</u>		
Salaries and wages accrued	6,112	4,871
Liability for long service leave	4,937	4,622
Liability for annual leave	8,384	6,321
Liability for employee termination benefits	-	42
	19,433	15,856
<u>Non-Current</u>		
Liability for long service leave	1,158	1,198
	1,158	1,198
Total employee benefits	20,591	17,054

ANGLICARE VICTORIA

Notes to the financial statements For the year ended 30 June 2020

16. Establishment corpus and reserves

(a). Establishment corpus

The corpus of Anglicare Victoria was established on 1 July 1997 upon the amalgamation of The Mission to the Streets and Lanes, The Mission of St James and St John, and St John's Homes for Boys and Girls. The assets and liabilities, obligations and entitlements of these three preceding Agencies were assumed by Anglicare Victoria at their fair market value.

(b). Reserves

Property reserve

The property reserve relates to the net gain or loss realised on disposal of property being outside the normal operations of the Agency.

17. Lease liabilities

	2020 \$'000's	2019 \$'000's
Discounted Non-cancellable operating lease rentals are payable as follows:		
Less than one year	2,559	-
Between one and five years	2,299	-
More than five years	-	-
Total discounted lease liabilities as at 30 June	<u>4,858</u>	<u>-</u>

Peppercorn or Concessionary leases. The Agency leases 28 residential units for clients from the State Government on terms of 5 years with an annual rental of \$12 per unit. There are no specific restrictions on the use of the underlying asset mentioned in the contract. The Agency opted to measure the right-of-use asset relating to these leases at cost and the impact is not material.

During the financial year ended 30 June 2020, \$2.014 million was recognised as an expense in the Statement of surplus and deficit and other comprehensive income in respect of short-term operating leases. In the prior year, 2019, \$4.635 million was recognised as an operating lease expense.

	2020 \$'000s	2019 \$'000s
Leases as lessor		
Less than one year	4	4
Between one and five years	-	-
	<u>4</u>	<u>4</u>

ANGLICARE VICTORIA

Notes to the financial statements

For the year ended 30 June 2020

18. Investment in controlled entity

The Agency's relationship with the Anglicare Victoria Childrens Foundation ("AVCF")

Both Anglicare Victoria and AVCF are domiciled in Australia and are non-statutory entities.

Anglicare Victoria does not have any ownership interest in the AVCF, however, the Board of the Agency is the sole Trustee of AVCF. It has the capacity to control AVCF as it is exposed to, or has rights to, variable returns for its involvement with AVCF and has the ability to affect those returns through its power over AVCF.

Accordingly, Anglicare Victoria has recognised its investment of \$2.094 million towards the establishment corpus of the AVCF.

19. Subsequent event

There have been no events subsequent to balance date which would have a material effect on the Agency's financial report at 30 June 2020. However, the on-going Covid-19 pandemic may continue to impact investment valuations and income, but the Agency's major core/re-current funding agreements with both the State and Federal Governments remain primarily unaffected.

20. Commitments

As at 30 June 2020 the Agency has capital commitments of \$202k (30 June 2019: \$217k).

21. Contingencies

The Agency notes the recent Federal Court ruling (May 2020 –WorkPac Ltd vs Rossato) which has recognised that if an employee previously considered by their employer as a "casual" but worked regular and predictable shifts then the employee would be entitled to leave entitlements and that the casual loading rate could not be used to offset these. The Agency is currently reviewing the impact of the above legislation, but believes its current practices and revised contracts have largely mitigated this risk and any major/material liability being incurred.

22. Key board members disclosures

The names of the members of the Board of Anglicare Victoria who have held office during the financial year are:

Mr. Stephen Newton AO
Bishop Genieve Blackwell
Dr. John Chesterman
Bishop Andrew Curnow AM
Ms. Carol Dolan
Ms. Pauline Kelly
Mr. Matthew Pringle
Mr. Geoff Walsh
Rev. Kathryn Watt (resigned 3 June 2020)

No member of the Board of Anglicare Victoria received any salary, compensation or other benefits, except for Bishop Curnow who received \$690 reimbursement of expenses incurred on behalf of the Agency.

Members of the Board, or entities associated with members of the Board may from time to time, make donations to Anglicare Victoria during the year. These donations may be made in response to fund-raising appeals, special events or may be unsolicited.

23. Transactions with key management personnel

There were no transactions with key management personnel during the financial year.

Key management personnel compensation
The key management personnel compensation included in 'wages and salaries' (see note 7) are as follows:

	2020	2019
	\$	\$
Short-term employee benefits	<u>3,027,316</u>	<u>2,469,996</u>

24. Other related party disclosures

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(i) Anglicare Victoria Childrens Foundation (AVCF)

During the 2020 financial year, the Agency had no related party payments (\$nil).

ANGLICARE VICTORIA

Notes to the financial statements

For the year ended 30 June 2020

During 2019 the Agency provided a grant of \$88,000 to the Anglicare Victoria Childrens Foundation (AVCF). For information on contributions to AVCF's Establishment Corpus refer to note 18.

During the 2020 financial year, the Anglicare Victoria Childrens Foundation made a distribution of \$1.387 million (2019 - \$1.1 million) to Anglicare Victoria.

(ii) **Compass Leaving Care Limited**

Anglicare Victoria is a registered member of Compass Leaving Care Limited as well as an investor in the Compass SIB Loan Notes, with a percentage holding of 15.9% of the total aggregate subscribed loan notes amounting to \$14.2 million. Refer Note 12.

Compass Leaving Care Limited is a not-for-profit public company limited by guarantee which is established to be and to continue as, a charity. The liability of members of Compass Leaving Care Limited is limited to \$10.

Anglicare Victoria also entered into the following agreements with Compass Leaving Care Limited to deliver support services to the Compass Program:

- Services Subcontract Agreement with Compass Leaving Care Limited
- Interface Agreement with Compass Leaving Care Limited and VincentCare Victoria.

During the financial year, Compass Leaving Care Limited paid \$1,756,720 (2019: \$1,075,168) to Anglicare Victoria to deliver program support services.

BOARD DECLARATION

In the opinion of the members of the Board of Anglicare Victoria (the Agency):

- (a) the financial statements and notes, set out on pages 2 to 20:
 - (i) give a true and fair view of the financial position of the Agency as at 30 June 2020 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
 - (ii) comply with Australian Accounting Standards – Reduced Disclosure Requirements; and
- (b) there are reasonable grounds to believe that the Agency 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 Anglicare Victoria and is signed for and on behalf of the Board by:



Stephen Newton

Board Member Name and Signature



Geoff Walsh

Board Member Name and Signature

Dated at Melbourne this 2nd day of September 2020.



Independent Auditor's Report

To the members of Anglicare Victoria

Opinion

We have audited the **Financial Statements** of Anglicare Victoria (the Agency).

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of the Agency as at 30 June 2020, and of its financial performance and its cash flows for the year then ended, in accordance with *Australian Accounting Standards - Reduced Disclosure Requirements*.

The **Financial Statements** comprise:

- Statement of financial position as at 30 June 2020
- Statement of surplus and deficit and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the then ended
- Notes including a summary of significant accounting policies; and

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Statements* section of our report.

We are independent of the Agency in accordance with the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code)* that are relevant to our audit of the Financial Statements in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Restriction on use and distribution

The Financial Statements have been prepared to assist the Board of Anglicare Victoria to meet the needs of its members.

As a result, the Financial Statements and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the members of Anglicare Victoria and should not be used by or distributed to parties other than the members of Anglicare Victoria. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Statements to which it relates, to any person other than the members of Anglicare Victoria or for any other purpose than that for which it was prepared.



Other Information

Other Information is financial and non-financial information in Anglicare Victoria's annual reporting which is provided in addition to the Financial Statements and the Auditor's Report. The Board is responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Board Declaration.

Our opinion on the Financial Statements does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Board for the Financial Statements

The Board is responsible for:

- the preparation and fair presentation of the Financial Statements in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements
- implementing necessary internal control to enable the preparation of a Financial Statements that are free from material misstatement, whether due to fraud or error
- assessing the Agency's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Agency or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objective is:

- to obtain reasonable assurance about whether the Financial Statements as a whole are 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the Financial Statements.



A further description of our responsibilities for the audit of the Financial Statements 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.

A handwritten version of the KPMG logo in blue ink, with the letters 'KPMG' written in a cursive, slightly slanted style.

KPMG

A handwritten signature in blue ink, appearing to read 'Adrian Nathanielsz', written in a fluid, cursive style.

Adrian Nathanielsz

Partner

Melbourne

2 September 2020



Auditor's Independence Declaration

To: the Board of Anglicare Victoria

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2020 there have been no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Adrian Nathanielsz

Partner

Melbourne

2 September 2020