25 Years

WE WORK FOR BETTER

2022 ANNUAL FINANCIAL REPORT

30 JUNE 2022

Anglicare Victoria

ANGLICARE VICTORIA

Contents

ANGLICARE VICTORIA

Statement of surplus and deficit and other comprehensive income
For the year ended 30 June 2022

	Note	2022 $'000's	2021 $'000's
Service Delivery - Operating Revenue			
Government funds / grants - State		184,002	163,591
- Federal		3,951	4,643
- Local		89	98
Funding from other Agencies		11,617	11,217
Other		1,096	1,074
Total operating revenue		**200,755**	**180,623**
Service Delivery - Operating Expenditure			
Employee benefits expenses	7	163,814	147,745
Client and caregiver costs		18,835	17,455
Property, maintenance & equipment expenses		4,907	4,065
Travel & motor vehicle expenses		1,253	1,296
Administration expenses		8,711	7,214
Depreciation & amortisation expenses	13	6,447	5,781
Leasing expenses	17	1,140	1,419
Financing costs - interest on lease liabilities		302	307
Other expenses		175	271
Total operating expenditure		**205,584**	**185,553**
OPERATING DEFICIT		**(4,829)**	**(4,930)**
Net investment income	6a	3,360	3,223
Net fundraising, donations and bequests	6b	6,082	5,661
SURPLUS BEFORE NON-OPERATING ACTIVITIES		**4,612**	**3,954**
Non-operating activities			
Net gain/(loss) on sale of plant and equipment & investments	8	7,490	2,200
Financial assets - net change in fair value through profit and loss		(4,950)	4,967
Redress claims and provisioning costs		-	(12,478)
		2,540	**(5,311)**
NET SURPLUS/(DEFICIT) FOR THE YEAR		**7,153**	**(1,357)**
Other comprehensive income/(loss) for the year		**-**	**-**
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		**7,153**	**(1,357)**

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

ANGLICARE VICTORIA

Statement of financial position

As at 30 June 2022

	Note	2022 $'000's	2021 $'000's
Assets			
Cash and cash equivalents	10	20,834	14,718
Trade and other receivables	11	6,278	5,444
Inventories		84	429
Investments	12	47,090	38,445
Total Current Assets		**74,286**	**59,036**
Investments	12	4,347	4,347
Property, plant and equipment	13a	25,390	22,802
Intangible assets	13b	3,646	3,704
Lease - right of use assets	13c	7,104	6,412
Total Non-Current Assets		**40,487**	**37,265**
Total Assets		**114,773**	**96,301**
Liabilities			
Trade and other payables	14a	5,177	4,187
Provision for Redress claims	14b	2,501	2,501
Employee benefits	15	22,054	19,191
Deferred income		26,439	18,064
Lease liabilities	17a	3,204	2,748
Total Current Liabilities		**59,375**	**46,691**
Provision for Redress claims	14b	8,497	10,199
Employee benefits	15	1,023	1,025
Deferred Income		400	400
Lease liabilities	17a	4,249	3,910
Provision for make good	17b	25	25
Total Non-Current Liabilities		**14,194**	**15,559**
Total Liabilities		**73,569**	**62,250**
Net Assets		**41,204**	**34,051**
Equity			
Establishment corpus	16	23,767	23,767
Property reserves		15,618	15,618
Accumulated Profits/(Losses)		1,819	(5,334)
Total Equity		**41,204**	**34,051**

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

ANGLICARE VICTORIA

Statement of changes in equity
For the year ended 30 June 2022

	Establishment corpus	Property reserve	Accumulated profit/(losses)	Total equity
	$'000's	$'000's	$'000's	$'000's
Balance at 1 July 2020	23,767	15,618	(3,977)	35,408
Total comprehensive income for the year				
Deficit for the year	-	-	(1,357)	(1,357)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(1,357)	(1,357)
Items recognised directly in equity	-	-	-	-
Total items recognised directly in equity	-	-	-	-
Balance at 30 June 2021	23,767	15,618	(5,334)	34,051
Balance at 1 July 2021	23,767	15,618	(5,334)	34,051
Total comprehensive income for the year				
Surplus for the year	-	-	7,153	7,153
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	7,153	7,153
Items recognised directly in equity	-	-	-	-
Total items recognised directly in equity	-	-	-	-
Balance at 30 June 2022	23,767	15,618	1,819	41,204

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

ANGLICARE VICTORIA

Statement of cash flows
For the year ended 30 June 2022

	Note	2022 $'000's	2021 $'000's
Cash flows from operating activities:			
Receipts from government and other		229,453	203,185
Payments to suppliers and employees		(218,976)	(201,563)
Cash from operations		10,477	1,622
Bequests received		2,122	1,449
Net cash generated from operating activities		**12,599**	**3,071**
Cash flows used in investing activities:			
Interest received		109	108
Dividends and distributions received		1,822	1,333
Fund manager fees		(199)	(201)
Acquisition of property, plant and equipment		(4,872)	(2,355)
Acquisition of intangible assets		(594)	(207)
Acquisition of investments and financial assets		(28,945)	(10,157)
Proceeds from sale of property, plant and equipment		7,693	1,983
Proceeds from sale of investments and financial assets		22,213	8,870
Net cash used in investing activities		**(2,773)**	**(626)**
Cash flows used in financing activities:			
Payment of lease liabilities		(3,408)	(2,938)
Interest on lease liabilities		(302)	(307)
Net cash used in financing activities		**(3,710)**	**(3,245)**
Net increase/(decrease) in cash and cash equivalents		6,116	(800)
Cash and cash equivalents at 1 July		14,718	15,518
Cash and cash equivalents at 30 June	10	**20,834**	**14,718**

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

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 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 and is endorsed as Deductible Gift Recipient (DGR).

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 have been prepared as Tier 2 general purpose financial statements in accordance with Australian Accounting Standards- Simplified Disclosures. In the prior year the financial statements were general purpose financial statements prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements. There was no impact on the recognition and measurement of amounts recorded in the statements of financial position, surplus and deficit and other comprehensive income and cash flows of the Agency as a result of this change in the basis of preparation.

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.

The financial report was authorised for issue by the Board on 7 September 2022.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for investments which are measured at fair value and the provision for claims which are accounted for as set out in Note 3(g).

(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) Cash and cash equivalents

Cash, cash equivalents and any deposits held at call with a bank or financial institution are recognised at their nominal amounts. Interest is accrued to revenue as it is earned.

(b) 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. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.
A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and measurement of financial assets and financial liabilities
The Agency has measured and classified its financial assets and financial liabilities 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), 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.

(c) 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.

The Agency engages a professional property valuer to independently assess the valuation of the properties that it owns every 3 years. The last formal valuation undertaken by the Agency was as at 30 June 2020.

For the year ended 30 June 2022 there was no impairment adjustments made to these classes of assets.

(d) 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.

(e) 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 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.

(f) 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 1 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 $2.0m (2021: $1.8m).

(g) 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.

(h) 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.

(i) 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.

(j) Revenue

***(i)* Government grant income**

Grant income arising from an agreement to provide services which contains enforceable and sufficiently specific performance obligations are recognised when control of each performance obligations are satisfied. The performance obligations vary 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 recognition is 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 as a contract liability and will be brought to account as income 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.

***(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.

(k) 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(c)(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.

(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.

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.

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

(m) New & Revised Accounting Standards
The Agency has adopted AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-For-Profit Tier 2 Entities* from 1 July 2021. The adoption of this standard did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

There were no other new/revised accounting standards introduced during the year which required changes to the Agency's reported financial policies and statements.

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.

	Note	2022 $'000's	2021 $'000's
6(a). Net investment income			
Distribution from Anglicare Victoria Childrens Foundation		1,500	1,472
Dividend and distribution income		1,530	1,407
Interest income		103	107
		3,133	2,986
Less: Fund managers' fees		(181)	(183)
		2,952	2,803
Rental income		408	420
Net investment income		3,360	3,223
6(b). Net Revenue from bequests, donations and fundraising			
Bequests		2,122	1,449
Donations and fundraising		4,773	4,687
		6,895	6,136
Less: fundraising expenses		(813)	(475)
		6,082	5,661
7. Employee expenses			
Wages and salaries		134,688	124,790
Other associated personnel expenses		14,816	9,718
Contributions to defined contribution superannuation funds		13,140	11,550
Increase in liability for annual leave		1,218	1,724
Decrease in liability for long service leave		(48)	(37)
		163,814	147,745
8. Net gain on sale of non-current assets			
Net gain on disposal of investments		486	498
Net gain on disposal of property, plant and equipment		7,004	1,702
		7,490	2,200
9. Auditor's remuneration			
Audit Services:		$	$
Auditors of the Agency			
KPMG Australia:			
Audit and review of financial reports		89,035	78,539
Other regulatory audit services		10,460	17,380
		99,495	95,919
Other Services:			
Auditors of the Agency			
KPMG Australia:			
Advisory services		-	106,796
		-	106,796
Total auditor's remuneration		99,495	202,715

	Note	2022 $'000's	2021 $'000's

10. Cash and cash equivalents

	Note	2022 $'000's	2021 $'000's
Bank balances		2,585	3,738
Call deposits		18,249	10,980
		20,834	14,718

11. Trade and other receivables

	Note	2022 $'000's	2021 $'000's
Current			
Investments Income recievable		129	87
Other receivables		5,501	4,577
Prepayments		648	780
		6,278	5,444

12. Investments

	Note	2022 $'000's	2021 $'000's
Current			
Investments at fair value through profit or loss (FVTPL)	3(b)	47,090	38,445
		47,090	38,445
Non-Current			
Investment in COMPASS Social Impact Bond Loan Notes designated as at FVTPL		2,253	2,253
Investment in controlled entity at cost		2,094	2,094
		4,347	4,347
Total Investments		51,437	42,792

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 2020	18,453	4,361	6,077	2,266	31,157
Additions	1,214	13	1,334	75	2,636
Disposals	(298)	(47)	(249)	-	(594)
Transfer from capital work in progress	1,310	-	217	(1,527)	-
Balance at 30 June 2021	20,679	4,327	7,379	814	33,199
Balance at 1 July 2021	20,679	4,327	7,379	814	33,199
Additions	2,710	281	546	2,115	5,652
Disposals	(941)	(45)	(342)	-	(1,328)
Transfer from capital work in progress	-	449	365	(814)	-
Balance at 30 June 2022	22,448	5,012	7,948	2,115	37,523
Depreciation					
Balance at 1 July 2020	3,739	2,024	2,728	-	8,491
Depreciation charge for the year	329	563	1,346	-	2,238
Disposals	(66)	(43)	(223)	-	(332)
Balance at 30 June 2021	4,002	2,544	3,851	-	10,397
Balance at 1 July 2021	4,002	2,544	3,851	-	10,397
Depreciation charge for the year	341	552	1,392	-	2,285
Disposals	(257)	(9)	(283)	-	(549)
Balance at 30 June 2022	4,086	3,087	4,960	-	12,133
Carrying amounts					
At 1 July 2020	14,714	2,337	3,349	2,266	22,666
At 30 June 2021	16,677	1,783	3,528	814	22,802
At 1 July 2021	16,677	1,783	3,528	814	22,802
At 30 June 2022	18,362	1,925	2,988	2,115	25,390

Anglicare Victoria's land and buildings were independently valued at $41.73m as at 30 June 2020, noting that a number of properties have been purchased and sold in the intervening years.

Based on the above, the carrying values of land and buildings do not exceed their replacement cost.

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 2020	3,940	1,565	5,505
Additions	188	-	188
Disposals	(170)	-	(170)
Transfer from work in progress	1,565	(1,565)	-
Balance at 30 June 2021	5,523	-	5,523
Balance at 1 July 2021	5,523	-	5,523
Additions	159	433	592
Disposals	-	-	-
Transfer from work in progress	-	-	-
Balance at 30 June 2022	5,682	433	6,115
Amortisation			
Balance at 1 July 2020	1,477	-	1,477
Amortisation charge for the year	512	-	512
Disposals	(170)	-	(170)
Balance at 30 June 2021	1,819	-	1,819
Balance at 1 July 2021	1,819	-	1,819
Amortisation charge for the year	650	-	650
Disposals	-	-	-
Balance at 30 June 2022	2,469	-	2,469
Carrying amounts			
At 1 July 2020	2,463	1,565	3,715
At 30 June 2021	3,704	-	3,704
At 1 July 2021	3,704	-	3,704
At 30 June 2022	3,213	433	3,646

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

13.(c) Leases - Right of use assets

Anglicare Victoria leases the following assets.

	$'000's Property	$'000's Motor Vehicles	$'000's Office Equipment	$'000's Total
Balance at 1 July 2020	3,173	1,465	43	4,681
Additions	3,076	1,007	684	4,767
Disposals	(521)	(681)	(43)	(1,245)
Depreciation charge for the year	(1,296)	(437)	(58)	(1,791)
Balance at 30 June 2021	4,432	1,354	626	6,412
Balance at 1 July 2021	4,432	1,354	626	6,412
Additions	2,948	1,262	-	4,210
Disposals	(1,279)	(600)	(6)	(1,885)
Depreciation charge for the year	(966)	(532)	(135)	(1,633)
Balance at 30 June 2022	5,136	1,484	485	7,104

14.(a) Trade and other payables

	2022 $'000's	2021 $'000's
Current		
Trade creditors	2,414	1,877
Other creditors and accruals	2,763	2,310
	5,177	4,187

14.(b) Provision for Redress claims

	2022 $'000's	2021 $'000's
Provision for redress claims - Current	2,501	2,501
- Non-Current	8,497	10,199
	10,998	12,700

Anglicare Victoria recognises the importance of justice for former 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 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 involve financial compensation.

As at 30 June 2021, Anglicare Victoria had provided for the settlement of potential future client claims of $12,700,000, which was based on an independent actuarial assessment commissioned by Anglicare Victoria during 2021. The provision as at 30 June 2022 of $10,998,000 is a continuation of this actuarial assessment less client claims settled during the 2021/2022 financial year.

15. Employee benefits

	2022 $'000's	2021 $'000's
Current		
Salaries and wages accrued	5,703	3,990
Liability for long service leave	4,987	5,033
Liability for annual leave	11,326	10,108
Liability for employee termination benefits	38	60
	22,054	19,191
Non-Current		
Liability for long service leave	1,023	1,025
	1,023	1,025
Total employee benefits	23,077	20,216

16. 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.

17(a). Lease liabilities

	2022	2021
Discounted Non-cancellable operating lease rentals are payable as follows:	$'000's	$'000's
Less than one year	3,204	2,748
Between one and five years	4,249	3,910
More than five years	-	-
Total discounted lease liabilities as at 30 June	7,453	6,658

During the financial year ended 30 June 2022, $1.140 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, 2021, $1.419 million was recognised as an operating lease expense.

Peppercorn or Concessionary leases. The Agency leases 27 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.

	2022	2021
	$'000s	$'000s
Leases as lessor		
Less than one year	-	4
Between one and five years	-	-
	-	4

17(b). Provision for make good

Contractual lease obligation to return property to its original condition at end of lease term.

Less than one year	-	-
Between one and five years	25	25
	25	25

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 2021. 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 2022 the Agency has capital commitments of $251k (30 June 2021: $458k).

21. Key board members disclosures

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

Bishop Genieve Blackwell
Mr. Andrew Asten
Dr. David Mackay
Mr. Matthew Pringle
Ms. Claire Sime
Mr. Anthony Sheumack (joined 6 October 2021)
Ms. Shawana Andrews (joined 6 October 2021)
Ms. Joanna Fazio (joined 6 October 2021)
Mr. Daryl Williams AM QC (joined 6 October 2021)
Dr. John Chesterman (resigned 4 August 2021)
Ms. Carol Dolan (resigned 6 October 2021)
Ms. Pauline Kelly (resigned 6 October 2021)
Mr. Geoff Walsh (resigned 6 October 2021)

No member of the Board of Anglicare Victoria received any salary, compensation or other benefits during the financial year.

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.

22. Transactions with key management personnel

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

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

	2022 $	2021 $
Short-term employee benefits	**3,553,315**	**3,359,954**

23. 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 2021 financial year, the Anglicare Victoria Childrens Foundation made a distribution of $1.500 million (2021 - $1.472 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 $2,215,921 (2021: $2,420,112) 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 2022 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 – Simplified 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:

Tony Sheumack

Board Member Name and Signature

Matthew Pringle

Board Member Name and Signature

Dated at Melbourne this 7th day of September 2022.

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 of the Agency presents fairly, in all material respects, the Agency's financial position as at 30 June 2022, and of its financial performance and its cash flows for the year ended on that date, in compliance with *Australian Accounting Standards - Simplified Disclosures Framework*.

The ***Financial Statements*** comprise:

i. Statement of financial position as at 30 June 2022

ii. Statement of surplus and deficit and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the then ended; and

iii. Notes including a summary of significant accounting policies.

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:

i. the preparation and fair presentation of the Financial Statements in accordance with Australian Accounting Standards – Simplified Disclosures Framework

ii. implementing necessary internal control to enable the preparation of a Financial Statements that are free from material misstatement, whether due to fraud or error

iii. 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:

i. to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error; and

ii. 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.

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

We also:

i. Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

ii. Obtain an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's's internal control.

iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.

iv. Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Agency to cease to continue as a going concern.

v. Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represents the underlying transactions and events in a manner that achieves fair presentation.

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

KPMG

KPMG

Melbourne

7 September 2022

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 2022 there have been no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Adrian Nathanielsz

Partner

Melbourne

7 September 2022