United in Christian Care

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED
ABN 71 050 057 620

FINANCIAL REPORT - 30 JUNE 2018

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UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED
ABN 71 050 057 620

FINANCIAL REPORT - 30 JUNE 2018

DIRECTORS' REPORT

United Protestant Association of N.S.W. Limited is registered as a company limited by guarantee and not having a share capital under the provisions of the *Australian Charities and Not-for-profits Commission Act 2012*. The Directors present the financial report on United Protestant Association of N.S.W. Limited for the year ended 30 June 2018 and report as follows:

DIRECTORS
The names of and other information on the Directors in office during or since the end of the year are as follows. The Directors were in office for this entire period unless otherwise stated.

Louise Buxton *(President)*
Ian Morante *(Senior Vice President)*
Anthony Short *(Junior Vice President)*
Lindsay Doust
Norm Evers *(appointed 28/10/17)*
John Horsfield
Rex Morris *(appointed 28/10/17)*
Whenua Morton *(appointed 28/10/17)*
David Wallace
Steve Walkerden *(General Manager)*
Heather Woodhouse
Narelle Ashford *(alternate director)*
Susan Herbertson *(alternate director)*
Peter Mackinnon *(alternate director)*
Lesley McFarlane *(ceased 28/10/17)*
Terence O'Dea *(alternate director)*
Peter Wood *(alternate director)*
Peter Bremer *(ceased 28/10/17)*
Sally Cox *(ceased 28/10/17)*
Susan Kirkwood *(ceased 21/4/18)*
Margaret Moon *(ceased 28/10/17)*
Barbara Murray *(ceased 28/10/17)*
John Roache *(ceased 28/10/17)*
Bruce Tutty *(ceased 28/10/17)*

PRINCIPAL ACTIVITY
The principal activities of the company in the course of the financial year were to provide care to ageing citizens and children.

There were no significant changes in the nature of the principal activities during the year.

REVIEW OF PERFORMANCE
Overview
The company achieved a net deficit before tax of $1,899,041, which was largely as a result of a residential funding indexation freeze and adjustments to the funding formula. This affected the results of aged care providers nationally. A positive cash flow from operating activities of $9,629,392 was still generated, with an overall net decrease in cash and cash equivalents of $348,246 during the year which included capital expenditure totalling $24,197,839 (2017 $44,641,093). The following information provides some analysis of the statements that have been included in these financial extracts.

Statement of Profit or Loss and Other Comprehensive Income
Total revenue for the company increased by $5,351,330 (5.2%) to $107,723,379 during the year ended 30 June 2018, compared with the 5.7% revenue growth for the previous financial year. The growth in revenues was mainly in the areas of residential care ($3,277,661), community care ($1,290,959), retirement villages ($560,619) and investment income ($554,416).

The $4,568,620 in additional revenue earned by residential and community care services is due to increases in revenues from government subsidies and charges to residents or clients. The majority of this increase is directly related to the increased acuity of residents and associated higher subsidy rates, as well as the recommissioning in operational places which have been redeveloped and growth in the number of community programs.

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DIRECTORS' REPORT

REVIEW OF PERFORMANCE (CONTINUED)
Investment income was $554,416 greater than the previous year, due to the operating cash flow surplus and reduced capital expenditure program.

Total expenses rose by $13,698,765 or 14.3% during the 2018 financial year compared to an increase of 7% in the previous financial year. Salaries and associated costs also increased by $4,316,558 or 7.2% during the period. This increase is higher than the rate of pay increases, mainly due to increases in nursing and other care staff hours to cover the growth in services, and also to meet the increased care needs of existing residents. The expenses also included an asset impairment write-off of $1,925,616 due to the intended disposal of the current Greenhills Lodge facility in approximately three years.

Statement of Financial Position
Total assets of the company increased by $21.7M this year and liabilities rose by $22.1M resulting in a decrease in net assets of $0.4M. Additions to property, plant and equipment totalled $23.3M during the financial year. This included capital expenditure on the following projects: Ascott Gardens extension & Wellness Centre in Orange ($8M), Oxley Village Stage 5 in Dubbo ($2.6M), Murray Vale Community Centre in Lavington ($2.1M), Heiden Park Lodge renovations in Carramar ($2.8M) and the purchase of properties in Casino, Alstonville & Murwillumbah ($2.9M).

The company's liabilities increased by $22.1M, mainly due to a $17.5M increase in liabilities to residents, made up of refundable accommodation deposits and resident entry contributions. All of these liabilities to residents are disclosed as refundable loans and based on the history of departures over a period of time. The Directors have estimated that the amounts that are likely to be payable within the next 12 months may total $54.5M. The amount actually repaid during the current financial year was $42.8M and this was fully funded by the incoming loans of new residents.

Statement of Cash Flows
Cash and cash equivalents decreased by $0.3M during the financial year to $124.6M compared with an increase of $2.1M during the previous financial year. This was achieved after $24M in capital expenditure and purchase of shares and managed funds valued at $3.8M during the year.

Cash flows from operations whilst lower than the previous year increased by $9.6M during the year. Cash flows from financing activities were $14.3M lower than the previous financial year. This was due to an increase in repayments from resident loans compared to the previous financial year.

Statement of Changes in Funds
The main change to equity this year was due to $1,899,041 deficit for the year, largely offset by $1,503,006 positive adjustment to the asset revaluation reserve to reflect an increase in the fair value of financial assets available for sale. These assets are comprised of equities in listed companies and managed funds.

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DIRECTORS' REPORT

REVIEW OF PERFORMANCE (CONTINUED)
An analysis of revenue and operating results by Region is as follows:

Region	Revenue $	Operating Result $
Hunter	8,600,620	774,541
North Coast	21,469,653	(2,603,294)
Central West	11,974,123	(22,373)
Western	10,378,351	441,909
Riverina Murray	22,411,469	(259,999)
Sydney North	9,216,315	465,249
Sydney	23,546,843	837,328
Corporate	2,986,248	(1,532,402)
Inter-district revenue	(2,860,243)	-
	107,723,379	**(1,899,041)**

Signed in accordance with a resolution of the Board of Directors:

Louise Buxton
Director

Ian Morante
Director

Sydney, 15 September 2018

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED
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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2018 $	2017 $
ASSETS			
Cash and cash equivalents	6	124,643,020	124,991,266
Trade and other receivables expected to be received within 12 months	7	24,099,423	16,081,142
Financial assets	8	28,657,056	23,378,786
Trade and other receivables expected to be received after 12 months	7	-	360,000
Capital work in progress	9	3,996,594	14,048,451
Property, plant and equipment	10	292,498,879	273,288,654
TOTAL ASSETS		473,894,972	452,148,299
LIABILITIES			
Trade and other payables	11	17,755,744	13,604,777
Refundable loans expected to be paid within 12 months	12	54,507,526	48,268,510
Provisions expected to be paid within 12 months	13	5,508,340	4,843,313
Refundable loans expected to be paid after 12 months	12	185,510,667	174,271,401
Provisions expected to be paid after 12 months	13	741,989	893,557
TOTAL LIABILITIES		264,024,266	241,881,558
NET ASSETS		**209,870,706**	**210,266,741**
FUNDS			
Accumulated funds		205,353,699	207,252,740
Reserves		4,517,007	3,014,001
TOTAL FUNDS		**209,870,706**	**210,266,741**

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 $	2017 $
Revenue	4	107,633,761	102,144,439
Other income	4	89,618	227,610
		107,723,379	102,372,049
Expenses			
Administration expenses		(5,203,388)	(4,458,387)
Cleaning and laundry expenses		(2,210,685)	(1,993,386)
Depreciation	5	(11,776,567)	(10,750,280)
Finance costs	5	(333,470)	(249,688)
Food supplies		(4,668,399)	(3,777,683)
Impairment loss	5	(1,925,616)	-
Maintenance costs		(4,003,494)	(3,357,595)
Resident and client expenses		(7,137,019)	(4,824,810)
Salaries and employee benefits		(64,092,647)	(59,776,089)
Utilities		(1,986,723)	(1,754,974)
Other		(6,284,412)	(4,980,763)
		(109,622,420)	(95,923,655)
Surplus (deficit) before income tax		(1,899,041)	6,448,394
Income tax expense		-	-
Surplus (deficit) for the year		(1,899,041)	6,448,394
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Fair value gains on available-for-sale financial assets	8	1,503,006	1,834,799
Other comprehensive income for the year		1,503,006	1,834,799
Total comprehensive income (loss) for the year		**(396,035)**	**8,283,193**

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED

STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 30 JUNE 2018

	Accumulated Funds $	Financial Assets Reserve $	Total $
Balance at 1 July 2016	200,804,346	1,179,202	201,983,548
Comprehensive income			
Surplus for the year	6,448,394	-	6,448,394
Other comprehensive income			
Net fair value gains on available-for-sale financial assets	-	1,834,799	1,834,799
Total comprehensive income for the year	6,448,394	1,834,799	8,283,193
Balance at 30 June 2017	**207,252,740**	**3,014,001**	**210,266,741**
Balance at 1 July 2017	207,252,740	3,014,001	210,266,741
Comprehensive income			
Surplus (deficit) for the year	(1,899,041)	-	(1,899,041)
Other comprehensive income			
Net fair value gains on available-for-sale financial assets	-	1,503,006	1,503,006
Total comprehensive income (loss) for the year	(1,899,041)	1,503,006	(396,035)
Balance at 30 June 2018	**205,353,699**	**4,517,007**	**209,870,706**

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 $	2017 $
Cash flows from operating activities			
Receipts from customers and government		100,647,452	96,411,589
Payments to suppliers and employees		(98,949,934)	(91,203,786)
Dividends received		574,549	688,318
Donations and bequests received		106,032	164,320
Interest received		4,213,912	3,330,584
Other receipts		9,630	427,822
Interest paid		(333,470)	(248,404)
Net GST refunded (paid)		3,361,221	3,179,422
Net cash flows from operating activities	20	9,629,392	12,749,865
Cash flows from investing activities			
Purchase of property, plant and equipment - residential		(7,058,400)	(2,028,968)
Purchase of property, plant and equipment - other		(4,040,115)	(21,821,656)
Purchase of capital works in progress - residential		(8,445,098)	(11,689,481)
Purchase of capital works in progress - other		(4,654,226)	(9,100,988)
Proceeds from sale of property, plant and equipment		419,480	389,579
Proceeds from sale of assets held for sale		-	3,496,147
Purchase of available-for-sale financial assets		(3,764,488)	(6,043,707)
Proceeds from sale of available-for-sale financial assets		-	1,247
Net cash flows from investing activities		(27,542,847)	(46,797,827)
Cash flows from financing activities			
Proceeds from refundable accommodation deposits		39,431,456	37,018,454
Proceeds from refundable entry contributions		18,283,920	28,708,714
Repayment of refundable accommodation deposits		(29,436,071)	(21,582,934)
Repayment of refundable entry contributions		(10,714,096)	(12,220,623)
Net cash flows from financing activities		17,565,209	31,923,611
Net increase (decrease) in cash and cash equivalents		(348,246)	(2,124,351)
Cash and cash equivalents at the beginning of the financial year		124,991,266	127,115,617
Cash and cash equivalents at the end of the financial year	6	**124,643,020**	**124,991,266**

Note 1 - Reporting entity

The financial report includes the financial statements and notes of United Protestant Association of N.S.W. Limited. United Protestant Association of N.S.W. Limited is registered as a company limited by guarantee and not having share capital under the provisions of the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements were approved by the Board of Directors on 15 September 2018.

Note 2 - Basis of preparation

Statement of compliance
The Directors have adopted the Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards* and AASB 2010-2: *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.*

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions.

Basis of measurement
The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Presentation of Statement of Financial Position on a liquidity basis
The Directors have taken the view that in complying with the requirements of AASBs, the treatment of refundable loans (accommodation bonds, refundable accommodation deposits and entry contributions) as current liabilities does not reflect the true liquidity of the company as these liabilities are not likely to be repaid in the next 12 months.

Accordingly, in the current year the Directors have chosen to present its statement of financial position under the liquidity presentation method (*AASB 101 Presentation of Financial Statements*) on the basis that it presents a more reliable and relevant view.

Comparatives
Where required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year. Where the company has retrospectively applied an accounting policy, made a retrospective restatement or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

Critical accounting estimates and judgements
The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Note 2 - Basis of preparation (continued)

Critical accounting estimates and judgements (continued)

Key estimates

Impairment - general

The Directors assess impairment at the end of each reporting period by evaluation of conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Resident entry contributions

The amounts repayable to residents upon their exit from the company's retirement villages changes with time and movements in the value of the underlying property. The amounts that will be deducted from the original amount deposited by the resident are a function of time. The amount that may be added to the original amount deposited by the resident is a function of the movement in the underlying property value. For the purposes of these financial statements, these resident entry contributions have been designated as current liabilities. As a result of this classification the calculation of the amount payable is based on the variables as they stand at balance date.

New and revised standards that are effective for these financial statements

A number of new and revised standards are effective for annual periods beginning on or after 1 July 2017, however none have significantly impacted the company's financial statements.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2018 reporting period and have not been early adopted by the company. These include:

- AASB 9 *Financial Instruments* (effective for the year ending 30 June 2019)
- AASB 15 *Revenue from Contracts with Customers* (effective for the year ending 30 June 2020)
- AASB 16 *Leases* (effective for the year ending 30 June 2020)
- AASB 1058 *Income of Not-for-profit Entities* (effective for the year ending 30 June 2020)

The Director's assessment of the impact of these new standards (to the extent applicable to the company) is that none are expected to significantly impact the company's financial statements in future reporting periods.

Note 3 - Significant accounting policies

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

Income tax

As the company is a Charity & Public Benevolent Institution it is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

Note 3 - Significant accounting policies (continued)

Goods and services tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes including goods and services tax (GST). Revenue is recognised for the major business activities as follows:

Resident fees, daily accommodation payments and recurrent government subsidies
Revenue from residents' fees, daily accommodation payments and related government subsidies are recognised on a proportional basis to take account of the delivery of service to or occupancy by residents.

Grants, donations and bequests
Income arising from the contribution of an asset (including cash) is recognised when the following conditions have been satisfied:
(a) the company obtains control of the contribution or the right to receive the contribution;
(b) it is probable that the economic benefits comprising the contribution will flow to the company; and
(c) the amount of the contribution can be measured reliably at the fair value of the consideration received.

Donations of goods through opportunity shops
Donations of goods received for sale through opportunity shops are not recognised as the value of the goods cannot be measured reliably. Revenue from sale of goods is recognised when goods are sold.

Interest and dividends
Revenue from interest and dividends is recognised on an accruals basis.

Retentions from entry contributions and accommodation bonds
The retention income earned from resident entry contributions and accommodation bonds are recognised as income as the company becomes entitled to receive the retention under the terms of the resident agreement.

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

Trade receivables
With respect to resident fees, trade receivables are recognised when residents are billed for accommodation fees in advance. For all other sources of recurrent income, trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less a provision for impairment. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables.

Note 3 - Significant accounting policies (continued)

Inventories
The value of raw materials and stores on hand are not recognised as they cannot be reliably estimated, and the value of these goods is not considered material to the total assets of the company.

Property, plant and equipment
Recognition and measurement
Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Subsequent costs
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Carrying Amount
The carrying amount of property, plant and equipment is reviewed annually by the Directors to ensure that it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation
The depreciable amount of all property, plant and equipment, excluding freehold land and capital works in progress, is depreciated on a straight line basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

The depreciation effective life used for each class of depreciable assets is:

Buildings	10 to 50 years
Equipment, furniture and fittings	5 to 15 years
Motor vehicles	4 to 12 years
Computer equipment and software	2 to 4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Classification of retirement village buildings
The buildings associated with the retirement villages owned and operated by the company have been classified as buildings and included as part of property, plant and equipment. Whilst these buildings are not occupied by the company, and only earn rental income and yield capital gains upon turnover of the units, the company has used the exemption open to not-for-profit entities under AASB 140 to classify the buildings as other than investment properties. The Directors believe that the buildings have a wider social purpose in that the company does provide some housing for the financially disadvantaged.

Note 3 - Significant accounting policies (continued)

Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions to the instrument. For financial assets this is equivalent to the date that the company commits itself to either purchase or sell the asset.

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as: (i) the amount at which the financial asset or financial liability is measured at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and (iv) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Non-derivative financial assets

The company classifies its non-derivative financial assets in the following categories: held-to-maturity investments, financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its non-derivative financial assets at initial recognition and re-evaluates this designation at each reporting date.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the company's management has the positive intention and ability to hold to maturity. This includes the capital index bonds and deposits held with financial institutions with original maturity dates of greater than twelve months held by the company.

Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition.

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if the possibility exists that it will be sold in the short term and the asset is subject to frequent changes in fair value. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the end of the reporting period.

Note 3 - Significant accounting policies (continued)

Financial instruments (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months after the end of the reporting period.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The company only holds financial instruments that are traded in an active market. The fair value of financial instruments traded in active markets (such as publicly traded securities, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the company is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

Impairment

At the end of each reporting period, the Directors assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Note 3 - Significant accounting policies (continued)

Impairment of assets (continued)
For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

Trade and other payables
Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability. The carrying amount of trade and other payables is deemed to reflect fair value.

Employee benefits
Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on high quality corporate bonds with terms to maturity that match the expected timing of cash flows.

Provisions
Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Fair value of assets and liabilities
The company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard. Fair value is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the company at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

Note 3 - Significant accounting policies (continued)

Fair value of assets and liabilities (continued)
The fair value of liabilities and the company's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Leases
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 17). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

Resident entry contributions
Resident entry contributions are received from residents of retirement villages and they are non-interest bearing and the net amount is repayable upon departure or transfer. Resident entry contributions are measured at the principle amount net of any retentions or any other amounts deducted from the contribution at the election of the resident, plus the resident's share of the capital gains (if any) based on the market value of the underlying property at balance date.

History shows that on average a resident in a retirement village will stay for between 6 and 12 years. The repayment of contributions to residents including capital gains and net of any retention will be funded largely by contributions from incoming residents.

Refundable accommodation deposits and resident accommodation bonds
Refundable accommodation deposits and resident accommodation bonds are non-interest bearing deposits made by aged care facility residents to the company upon their admission. Refundable accommodation deposits are measured at their principal amount less any other amounts deducted from the deposit at the election of the resident. Accommodation bonds are measured at the principal amount net of any retentions or any other amounts deducted from the bond at the election of the resident.

Capital gain on resident entry contributions
A number of the loan agreements with retirement village residents include a provision for the resident to share in the capital appreciation of their unit. The calculation of this provision is based upon the current entry contributions being paid by incoming residents for similar units in the same village. The provision is classified as being expected to be settled within 12 months or expected to be settled after 12 months depending upon the assessment of the expected settlement time. The amount payable is classified as a provision rather than a payable due to the uncertainty of the exact timing of the obligation and the estimation required for the amount of the obligation.

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018 $	2017 $
Note 4 - Revenue and other income		
Residential aged care services		
Government subsidies and recurrent grants	54,864,054	52,536,084
Resident fees and charges	17,006,094	16,060,077
Other revenue	129,504	211,261
Daily accommodation payments	1,458,092	1,110,606
Accommodation bond periodic payments	45,695	197,538
Retentions from accommodation bonds	352,013	462,225
	73,855,452	70,577,791
Retirement villages		
Resident fees and charges	4,631,606	4,450,182
Other revenue	428,667	353,451
Retentions from resident entry contributions	4,957,812	4,653,833
	10,018,085	9,457,466
Community care		
Government subsidies and recurrent grants	8,784,159	8,389,937
Client fees and charges	8,436,089	7,145,791
Other revenue	844,233	1,237,794
	18,064,481	16,773,522
Other services		
Dividends	574,549	688,318
Donations and bequests	91,263	214,347
Investment income	4,075,594	3,521,178
Fundraising income	9,426	6,235
Property rent	337,000	292,702
Other revenue	185,354	212,814
Sales of merchandise	422,557	400,066
	5,695,743	5,335,660
Total revenue	107,633,761	102,144,439
Other income		
Net gain on the disposal of property, plant and equipment	82,869	211,165
Insurance recovery	6,749	16,445
Total other income	89,618	227,610
Total revenue and other income	107,723,379	102,372,049

Note 5 - Expenses

	2018 $	2017 $
Depreciation		
Buildings	7,616,839	7,043,306
Plant and equipment	4,159,728	3,706,974
Total depreciation	11,776,567	10,750,280
Capital gains expense	273,825	-
Doubtful debts expense	(15,605)	3,189
Interest and finance charges paid - third parties	333,470	249,688
Impairment loss on property, plant and equipment	1,925,616	-
Rental expense - third parties	422,137	109,323
Net loss on disposal of property, plant and equipment	105,413	124,487

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018 $	2017 $
Note 6 - Cash and cash equivalents		
Cash at bank and on hand	8,304,212	12,503,464
Term deposits	116,338,808	112,487,802
Total cash and cash equivalents	124,643,020	124,991,266
Note 7 - Trade and other receivables		
Expected to be settled within 12 months		
Trade receivables	204,042	207,286
Provision for impairment	(15,605)	-
	188,437	207,286
Refundable accommodation deposits receivable	20,452,528	10,898,397
Refundable entry contributions receivable	951,684	2,275,595
Other receivables	1,563,238	1,717,116
Refunds of GST and imputation credits due	218,976	142,451
Prepayments	724,560	840,297
Total trade and other receivables	24,099,423	16,081,142
Expected to be settled after 12 months		
Refundable accommodation deposits receivable	-	360,000
	-	360,000
Total trade and other receivables	24,099,423	16,441,142
Provision for impairment		
Opening net carrying amount	-	7,667
Increase (decrease) in provision	15,605	(7,667)
Closing net carrying amount	15,605	-
Note 8 - Financial assets		
Expected to be settled after 12 months		
Available-for-sale financial assets		
Shares in listed corporations	2,432,141	2,504,717
Units in managed funds	26,224,915	20,874,069
Total financial assets	28,657,056	23,378,786
Movements in carrying amount		
Opening net carrying amount	23,378,786	15,431,186
Additions	3,775,264	6,114,048
Disposals	-	(1,247)
Revaluations	1,503,006	1,834,799
Closing net carrying amount	28,657,056	23,378,786

Note 9 - Capital work in progress

	Residential	Other	Total
	$	$	$
At 30 June 2017			
Cost	8,659,184	5,389,267	14,048,451
Net carrying amount	8,659,184	5,389,267	14,048,451
Movements in carrying amounts			
Opening net carrying amount	8,659,184	5,389,267	14,048,451
Additions	9,237,660	5,057,657	14,295,317
Expensed	-	28,677	28,677
Reclassification	(14,974,350)	(9,401,501)	(24,375,851)
Closing net carrying amount	2,922,494	1,074,100	3,996,594
At 30 June 2018			
Cost	2,922,494	1,074,100	3,996,594
Net carrying amount	2,922,494	1,074,100	3,996,594

Note 10 - Property, plant and equipment

	Land	Buildings	Plant and Equipment	Total
	$	$	$	$
At 30 June 2017				
Cost	83,837,285	249,504,186	45,285,116	378,626,587
Accumulated depreciation	-	(77,200,587)	(28,137,346)	(105,337,933)
Net carrying amount	83,837,285	172,303,599	17,147,770	273,288,654
Movements in carrying amounts				
Opening net carrying amount	83,837,285	172,303,599	17,147,770	273,288,654
Additions - residential	-	829,736	5,436,103	6,265,839
Additions - non residential	-	334,323	2,378,419	2,712,742
Disposals	-	(91,058)	(350,966)	(442,024)
Reclassification	887,727	22,352,206	1,135,918	24,375,851
Depreciation charge for the year	-	(7,616,682)	(4,159,885)	(11,776,567)
Impairment	-	(1,925,616)	-	(1,925,616)
Closing net carrying amount	84,725,012	186,186,508	21,587,359	292,498,879
At 30 June 2018				
Cost	84,725,013	272,255,196	52,797,427	409,777,636
Accumulated depreciation	-	(86,068,688)	(31,210,069)	(117,278,757)
Net carrying amount	84,725,013	186,186,508	21,587,358	292,498,879

(a) Security

At 30 June 2018, land and buildings with a carrying value of $54,818,762 (2017: $55,723,772) are subject to a registered first mortgage to secure a bank loan facility. This facility was unused at the reporting date.

(b) Impairment

Impairment losses totalling $Nil were recognised during the financial year (2017: $Nil). The recoverable amount was based on value-in-use and was determined at the cash generating unit level.

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 11 - Trade and other payables

	2018 $	2017 $
Expected to be settled within 12 months		
Trade payables	2,201,712	2,469,235
Income in advance	1,085,092	1,009,372
Liabilities to employees	5,281,319	4,487,595
Refundable accommodation deposits payable	5,473,291	2,177,434
Refundable entry contributions payable	384,098	701,533
Unspent CDC funds	2,226,942	1,491,255
Other payables	923,628	1,268,353
Total trade and other payables	17,755,744	13,604,777

Note 12 - Refundable loans

	2018 $	2017 $
Expected to be settled within 12 months		
Refundable accommodation deposits	39,283,508	32,202,565
Refundable entry contributions	15,224,018	16,065,945
	54,507,526	48,268,510
Expected to be settled after 12 months		
Refundable accommodation deposits	80,463,567	71,002,694
Refundable entry contributions	105,047,100	103,268,707
	185,510,667	174,271,401
Total refundable loans	240,018,193	222,539,911

(a) Terms and Conditions

Refundable accommodation deposits and accommodation bonds (loans) are repayable on the following basis:-

(i) If the resident gives notice more than 14 days prior to departure then the loan is payable on the date of departure;

(ii) If the resident gives notice less than 14 days prior to departure the loan is payable within 14 days after notice is given;

(iii) If the resident gives no notice the loan is repayable 14 days after departure; and

(iv) If the resident dies, the loan is repayable within 14 days from the date that notice is received of the granting of probate or of letters of administration being issued.

Refundable entry contributions are non-interest bearing and have an average term of 6 years.

	2018 $	2017 $
(b) Movement in refundable accommodation deposits:		
Opening balance	103,205,259	80,200,326
Add (less)		
Accommodation deposits received	47,992,830	42,649,107
Allowable deductions	-	(1,741)
Retention from bonds	(352,013)	(442,422)
Transfers to/from entry contributions	1,303,183	352,458
Accommodation deposits and bonds refunded	(32,402,184)	(19,552,469)
Closing balance	119,747,075	103,205,259

Note 12 - Refundable loans (continued)

	2018 $	2017 $
(c) Movement in refundable entry contributions:		
Opening balance	119,334,652	105,892,018
Add (less)		
Entry contributions received	17,592,765	29,298,932
Retention/interest from contributions	(4,957,812)	(4,641,556)
Transfers to/from accommodation deposits	(1,303,183)	(352,458)
Entry contributions refunded	(10,395,304)	(10,862,284)
Closing balance	120,271,118	119,334,652

Note 13 - Provisions

	2018 $	2017 $
Expected to be settled within 12 months		
Employee entitlements - long service leave and redundancy	4,623,388	4,179,638
Capital gains payable	772,730	551,729
Morgan tertiary education funds payable	112,222	111,946
	5,508,340	4,843,313
Expected to be settled after 12 months		
Employee entitlements - long service leave	741,989	893,557
	741,989	893,557
Total provisions	6,250,329	5,736,870

(a) Capital gains payable

Provision is made for the estimated liability to some outgoing residents as a result of capital appreciation of their units.

(b) Morgan tertiary education funds payable

Provision is made for the estimated liability of funding tertiary education for qualifying adolescents in rural N.S.W.

(c) Movement in provisions

Movements in each class of provision during the financial year are set out below:

	Morgan Education Funds Payable $	Long Service Leave & Redundancy $	Capital Gains Payable $	Total $
Opening net carrying amount	111,946	5,073,195	551,729	5,736,870
Additional provision recognised	276	1,202,641	273,825	1,476,742
Provision utilised during the year	-	(910,459)	(52,824)	(963,283)
Closing net carrying amount	112,222	5,365,377	772,730	6,250,329

Note 14 - Contingent liabilities

At balance date the Company is not aware of the existence of any identified contingent liability. UPA has made reparation to former children who were under the care of UPA Children's Homes in the period between 1940 and the early 1980's and is committed to ensuring that all such future claims made in relation to that period are acknowledged and honoured, and it is anticipated that future reparations may also be made. The Directors consider that any future such reparation payments will not materially impact on the overall financial performance of the company.

	2018 $	2017 $

Note 15 - Commitments

(a) Capital commitments

	2018 $	2017 $
Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:	1,679,264	6,083,159

(b) Operating lease commitments

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2018 $	2017 $
Within one year	173,639	70,974
Later than one year but not later than five years	123,123	36,750
	296,762	107,724

The company leases several offices under non-cancellable operating leases expiring within one to five years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Note 16 - Events occurring after balance date

There were no significant events occurring after balance date.

Note 17 - Limitation of members' liability

United Protestant Association of N.S.W. Limited is a company limited by guarantee, and in accordance with the Constitution the liability of members in the event of the company being wound up would not exceed $1.00 per member. At 30 June 2018 the number of members of the company was 740 (2017: 725).

Note 18 - Economic dependency

The company considers that it is economically dependent on revenue received from the Department of Health with respect to its residential aged care facilities and community care programs. The Directors believe that this revenue will continue to be made available to the company for the foreseeable future.

Note 19 - Related party transactions

Director related entities

The following transactions took place with the company or a firm of which they are associated during the year:

		2018 $	2017 $
Mr Norm Evers	*Fire escape plans for various buildings*	1,150	-
Mr Peter Wood	*Purchase of furniture for the admin building*	9,394	-
Mr Bruce Tutty	*Garden maintenance services*	-	1,155
Mr Anthony Short	*Legal services*	-	5,310
		10,544	6,465

There were no balances outstanding with related parties at balance date.

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 20 - Cash flow information

Reconciliation of net surplus (deficit) for the year to net cash flows from operations

	2018 $	2017 $
Surplus (deficit) for the year	(1,899,041)	6,448,394
Adjustments for:		
Depreciation	11,776,567	10,750,280
Impairment loss of non-current assets	1,925,616	-
(Gain) loss on disposal of property, plant and equipment	22,544	(79,240)
Other non cash items	273,825	(70,342)
Retentions from accommodation bonds	(352,013)	(442,877)
Retentions from refundable entry contributions	(4,957,812)	(4,641,556)
Changes in assets and liabilities		
(Increase) decrease in trade and other receivables	206,373	(386,267)
(Increase) decrease in prepayments	47,301	104,742
(Decrease) increase in trade and other payables	2,146,248	503,816
(Decrease) increase in provisions	439,784	562,915
Net cash from operating activities	9,629,392	12,749,865

Note 21 - Charitable fundraising activities

(a) Fundraising income and expenditure

	2018 $	2017 $
Gross proceeds from fundraising	463,606	437,759
Total costs of fundraising	254,910	212,741
Net surplus from fundraising	208,696	225,018

(b) Key fundraising ratios

	2018 $	2017 $
Total cost of fundraising (A)	254,910	212,741
Gross proceeds from fundraising (B)	463,606	437,759
(A) divided by (B)	*55%*	*49%*
Net surplus from fundraising (A)	208,696	225,018
Gross proceeds from fundraising (B)	463,606	437,759
(A) divided by (B)	*45%*	*51%*
Total cost of services provided (A)	95,557,919	86,229,535
Total expenditure (B)	109,622,420	95,923,655
(A) divided by (B)	*87%*	*90%*
Total cost of services provided (A)	95,557,919	86,229,535
Total income received (B)	107,723,379	102,372,049
(A) divided by (B)	*89%*	*84%*

(c) Fundraising income activities

Fundraising income activities carried out during the year were Opportunity Shops, Street Stalls, Driver Reviver, Field Day Catering, Meal Catering, Fetes, Raffles, Membership Fees, Bequests and Benevolent Donations.

(d) Expenditure of funds raised

Surplus funds from fundraising are used to buy particular items, or to provide additional services for the benefit of residents in our aged care facilities. Large bequests and donations are mainly used for capital improvements.

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED
ABN 71 050 057 620

FINANCIAL REPORT - 30 JUNE 2018

DIRECTORS' DECLARATION

The Directors of the United Protestant Association of N.S.W. Limited declare that:

1. The financial statements, which comprises the statement of financial position as at 30 June 2018, and the statement of profit or loss and other comprehensive income, statement of changes in funds and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:

   (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the *Australian Charities and Not-for-profits Commission Regulation 2013*; and

   (b) give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the company.

2. In the opinion of the Directors there are reasonable grounds to believe that the company 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 Directors.

Louise Buxton	Ian Morante
Director	Director

Sydney, 15 September 2018

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED
ABN 71 050 057 620

FINANCIAL REPORT - 30 JUNE 2018

DIRECTORS' DECLARATION UNDER THE *CHARITABLE FUNDRAISING ACT 1991*

In the opinion of the Directors of United Protestant Association of N.S.W. Limited:

(i) The financial statements and notes thereto give a true and fair view of all income and expenditure with respect to fundraising appeals conducted by the organisation for the year ended 30 June 2018; and

(ii) The statement of financial position as at 30 June 2018 gives a true and fair view of the state of affairs of the company with respect to fundraising appeals conducted by the organisation; and

(iii) The provisions of the *Charitable Fundraising Act 1991*, the regulations under that Act, and the conditions attached to the authority to fundraise have been complied with by the organisation; and

(iv) The internal controls exercised by the company are appropriate and effective in accounting for all income received and applied by the organisation from any of its fundraising appeals.

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

Louise Buxton	Ian Morante
Director	Director

Sydney, 15 September 2018

StewartBrown
Integrity + Quality + Clarity
CHARTERED ACCOUNTANTS

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UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED
ABN 71 050 057 620

FINANCIAL REPORT - 30 JUNE 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED

Opinion

We have audited the financial report of United Protestant Association of N.S.W. Limited which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in funds and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

In our opinion, the accompanying financial report of United Protestant Association of N.S.W. Limited is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

a) giving a true and fair view of the company's financial position as at 30 June 2018 and of its financial performance for the year then ended, and

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

Basis for Opinion

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

We confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the Directors of the company, would be in the same terms if given to the Directors as at the time of this auditor's report.

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

Directors' Responsibility for the Financial Report

The Directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the Directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so. The Directors are responsible for overseeing the company's financial reporting process.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED

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

A further description of our responsibilities for the audit of the financial report is located at *The Auditing and Assurance Standards Board* and the website address is http://www.auasb.gov.au/Home.aspx

We communicate with the Directors 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.

Report on Other Legal and Regulatory Requirements
In addition, our audit report has also been prepared for the members of the company in accordance with section 24(2) of the *Charitable Fundraising Act 1991*. Accordingly we have performed additional work beyond that which is performed in our capacity as auditors pursuant to the *Australian Charities and Not-for-profits Commission Act 2012*. These additional procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the *Charitable Fundraising Act 1991* and Regulations.

It should be noted that the accounting records and data relied upon for reporting on fundraising appeal activities are not continuously audited and do not necessarily reflect after the event accounting adjustments and the normal year-end financial adjustments for such matters as accruals, prepayments, provisioning and valuations necessary for year-end financial report preparation.

The performance of our statutory audit included a review of internal controls for the purpose of determining the appropriate audit procedures to enable an opinion to be expressed on the financial report. This review is not a comprehensive review of all those systems or of the system taken as a whole and is not designed to uncover all weaknesses in those systems.

The audit opinion expressed in this report pursuant to the *Charitable Fundraising Act 1991* has been formed on the above basis.

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED
ABN 71 050 057 620

FINANCIAL REPORT - 30 JUNE 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED

Report on Other Legal and Regulatory Requirements (continued)

Auditor's opinion

Pursuant to the requirements of Section 24(2) of the *Charitable Fundraising Act 1991* we report that, in our opinion:

a) the financial report gives a true and fair view of the financial result of fundraising appeal activities for the financial year ended 30 June 2018; and

b) the financial report has been properly drawn up, and the associated records have been properly kept for the period 1 July 2017 to 30 June 2018, in accordance with the *Charitable Fundraising Act 1991* and Regulations; and

c) money received as a result of fundraising appeal activities conducted during the period 1 July 2017 to 30 June 2018 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act 1991* and Regulations; and

d) at the date of this report there are reasonable grounds to believe that company will be able to pay its debts as and when they become due and payable.

StewartBrown

StewartBrown
Chartered Accountants

S.J. Hutcheon
Partner

15 September 2018

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED

DETAILED INCOME AND EXPENDITURE STATEMENT (UNAUDITED)
FOR THE YEAR ENDED 30 JUNE 2018

	2018 $	2017 $
Operating Income		
Government subsidies	59,807,781	59,691,649
Fees, sales & other income	31,335,040	26,782,425
	91,142,821	86,474,074
Operating Expenditure		
Wages & related costs	64,175,516	59,842,494
Resident & client expenses	6,992,725	4,824,810
Food supplies	4,668,399	3,777,683
Cleaning & laundry	2,210,685	1,995,412
Maintenance	4,003,494	3,357,625
Depreciation	3,320,772	3,006,286
Administration	5,203,388	4,451,101
All other expenditure	4,982,940	4,974,124
	95,557,919	86,229,535
Net Operating Surplus	(4,415,098)	244,539
Non Operating Income		
Entry contributions	5,549,952	5,357,981
Concessional/transitional government subsidies	4,713,811	4,608,635
Daily accommodation payments	1,314,776	1,110,606
Donations, bequests & fundraising	113,412	253,461
Interest & dividends	4,619,253	4,180,420
Membership fees	613	683
Profit on sale fixed assets & financial assets	82,869	214,609
Other income	185,873	183,479
	16,580,559	15,909,874
Non Operating Expenditure		
Fundraising	17,919	23,220
Depreciation	8,455,731	7,743,896
Loss on disposal fixed assets	105,412	95,130
Advertising and promotion	120,722	94,487
Interest paid	333,470	249,688
Unit refurbishment	746,062	612,348
Impairment loss	1,925,616	-
Other expenditure	2,359,570	887,250
	14,064,502	9,706,019
Net Non Operating Surplus	2,516,057	6,203,855
Net Surplus	**(1,899,041)**	**6,448,394**