United in Christian Care

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

FINANCIAL REPORT - 30 JUNE 2019

CONTENTS

Directors Report	1
Statement of Financial Position	4
Statement of Profit or Loss and Other Comprehensive Income	5
Statement of Changes in Funds	6
Statement of Cash Flows	7
Notes to the Financial Statements	8
Directors' Declaration	24
Directors' Declaration under the Charitable Fundraising Act	25
Independent Auditor's Report	26

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

FINANCIAL REPORT - 30 JUNE 2019

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 2019 and report as follows:

DIRECTORSS
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 *(Vice President)*
Anthony Short *(Vice President)*
Steve Walkerden *(General Manager)*
Lindsay Doust
Norm Evers
Susan Herbertson
John Horsfield
Rex Morris
Whenua Morton
David Wallace

Narelle Ashford *(ceased 27/10/18)*
Peter Mackinnon *(ceased 27/10/18)*
Lesley McFarlane *(ceased 27/10/18)*
Terence O'Dea *(ceased 27/10/18)*
Peter Wood *(ceased 27/10/18)*
Heather Woodhouse *(ceased 27/10/18)*

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 OPERATIONS
Overview
The company achieved a net surplus before tax of $3,226,016, which was largely as a result of investment income of $6,738,414. The result was also boosted by the "one off" additional subsidy for the period April to June 2019 which totalled approximately $1,260,000. A positive cash flow from operating activities of $11,488,611 (2018: $9,629,392) was generated, with an overall net increase in cash and cash equivalents of $15,040,113 (2018: decrease $348,246) during the year which included capital expenditure totalling $12,181,091 (2018: $24,197,839). 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 $12,059,415 (11%) to $121,285,800 during the year ended 30 June 2019, compared with the 5.7% revenue growth for the previous financial year. The growth in revenues was mainly in the areas of residential care ($6,067,553), community care ($4,825,111), retirement villages ($174,128) and investment income ($585,265).

The $10,892,664 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 "one off" subsidy as noted above was also a positive revenue factor. The majority of this increase is directly related to the increased acuity of residents and associated higher subsidy rates, as well as the growth in the number of community programs.

REVIEW OF PERFORMANCE (CONTINUED)

Investment income was $585,265 greater than the previous year, due to the operating cash flow surplus and reduced capital expenditure program.

Total expenses rose by $8,437,364 or 7.7% during the 2019 financial year compared to an increase of 14.3% in the previous financial year. Salaries and associated costs also increased by $4,019,321 or 6.3% 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.

Statement of Financial Position

Total assets of the company increased by $19M this year and liabilities rose by $15.8M resulting in an increase in net assets of $3.2M. Additions to property, plant and equipment totalled $12.1M during the financial year. This included capital expenditure on the following projects: Oxley Village Community Centre and Bracken House renovations in Dubbo ($2.1M), Heiden Park Lodge renovations in Carramar ($1.8M) and Rathgar Lodge renovations in Ulmarra ($0.5M), as well as the purchase of properties in Murwillumbah ($1.5M) and Wallsend ($0.5M).

The company's liabilities increased by $15.8M, mainly due to a $10.7M 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 $60.9M. The amount actually repaid during the current financial year was $41.5M and this was fully funded by the incoming loans of new residents.

Statement of Cash Flows

Cash and cash equivalents increased by $15M during the financial year to $139.7M compared with a decrease of $0.35M during the previous financial year. This was achieved after $12.2M in capital expenditure and purchase of shares and managed funds valued at $1.9M during the year.

Cash flows from operations increased from the previous year by $1.8M during the year. Cash flows from financing activities were $0.12M lower than the previous financial year. This was due to a decrease in proceeds from resident loans compared to the previous financial year.

REVIEW OF PERFORMANCE (CONTINUED)

Statement of Changes in Funds
The main change to funds this year was due to $3,226,016 surplus for the year.

An analysis of revenue and operating results by Region is as follows:

Region	Revenue $	Operating Result $
Hunter	9,836,157	1,549,663
North Coast	26,321,904	1,051,507
Central West	13,948,976	690,650
Western	11,335,809	(265,489)
Riverina Murray	24,468,010	494,889
Sydney North	9,735,271	693,190
Sydney	25,471,647	1,740,719
Corporate	3,146,071	(2,729,113)
Inter-district revenue	(2,978,045)	-
	121,285,800	**3,226,016**

This declaration is made in accordance with a resolution of the Directors and is signed for and on behalf of the Directors by:

Louise Buxton
President

Ian Morante
Vice President

Sydney, 21 September 2019

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 $	2018 $
ASSETS			
Cash and cash equivalents	6	139,683,133	124,643,020
Trade and other receivables expected to be received within 12 months	7	25,637,649	24,099,423
Financial assets	8	32,135,129	28,657,056
Capital work in progress	9	6,955,798	3,996,594
Property, plant and equipment	10	288,473,599	292,498,879
TOTAL ASSETS		492,885,308	473,894,972
LIABILITIES			
Trade and other payables	11	23,660,788	18,316,728
Refundable loans expected to be paid within 12 months	12	60,872,913	54,507,526
Provisions expected to be paid within 12 months	13	5,109,674	5,508,340
Refundable loans expected to be paid after 12 months	12	189,833,980	185,510,667
Provisions expected to be paid after 12 months	13	872,215	741,989
TOTAL LIABILITIES		280,349,570	264,585,250
NET ASSETS		**212,535,738**	**209,309,722**
FUNDS			
Accumulated funds		212,535,738	209,309,722
TOTAL FUNDS		**212,535,738**	**209,309,722**

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
Revenue	4	114,404,858	102,983,618
Other income	4	6,880,942	6,242,767
		121,285,800	109,226,385
Expenses			
Administration expenses		(5,786,552)	(5,203,388)
Cleaning and laundry expenses		(2,406,349)	(2,210,685)
Depreciation	5	(13,041,594)	(11,776,567)
Finance costs	5	(349,788)	(333,470)
Food supplies		(5,532,671)	(4,668,399)
Impairment loss	5	(196,874)	(1,925,616)
Maintenance costs		(4,430,528)	(4,003,494)
Resident and client expenses		(8,114,669)	(7,137,019)
Salaries and employee benefits		(68,111,968)	(64,092,647)
Utilities		(2,114,693)	(1,986,723)
Other		(7,974,098)	(6,284,412)
		(118,059,784)	(109,622,420)
Surplus (deficit) before income tax		3,226,016	(396,035)
Income tax expense		-	-
Surplus (deficit) for the year		3,226,016	(396,035)
Other comprehensive income		-	-
Total comprehensive income (loss) for the year		**3,226,016**	**(396,035)**

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED

STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 30 JUNE 2019

	Accumulated Funds $	Financial Assets Reserve $	Total $
Balance at 1 July 2017	207,252,740	3,014,001	210,266,741
Adjustment from the adoption of AASB 9	3,014,001	(3,014,001)	-
Transfer of retirement village surplus liability	(560,984)	-	(560,984)
Adjusted balance at 1 July 2017	209,705,757	-	209,705,757
Comprehensive income			
Surplus (deficit) for the year	(396,035)	-	(396,035)
Other comprehensive income	-	-	-
Total comprehensive income (loss) for the year	(396,035)	-	(396,035)
Balance at 30 June 2018	**209,309,722**	**-**	**209,309,722**
Balance at 1 July 2018	209,309,722	-	209,309,722
Comprehensive income			
Surplus for the year	3,226,016	-	3,226,016
Other comprehensive income	-	-	-
Total comprehensive income for the year	3,226,016	-	3,226,016
Balance at 30 June 2019	**212,535,738**	**-**	**212,535,738**

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Receipts from customers and government		110,199,842	100,647,452
Payments to suppliers and employees		(106,141,039)	(98,949,934)
Dividends received		741,638	574,549
Donations and bequests received		322,854	106,032
Investment income received		4,081,693	4,213,912
Other receipts		5,883	9,630
Interest paid		(349,112)	(333,470)
Net GST refunded (paid)		2,626,852	3,361,221
Net cash flows from operating activities	20	11,488,611	9,629,392
Cash flows from investing activities			
Purchase of property, plant and equipment - residential		(2,356,059)	(7,058,400)
Purchase of property, plant and equipment - other		(1,496,386)	(4,040,115)
Purchase of capital works in progress - residential		(4,685,427)	(8,445,098)
Purchase of capital works in progress - other		(3,643,219)	(4,654,226)
Proceeds from sale of property, plant and equipment		238,121	419,480
Purchase of financial assets		(1,955,004)	(3,764,488)
Net cash flows from investing activities		(13,897,974)	(27,542,847)
Cash flows from financing activities			
Proceeds from refundable accommodation deposits		35,389,871	39,431,456
Proceeds from refundable entry contributions		20,089,428	18,283,920
Repayment of refundable accommodation deposits		(23,734,214)	(29,436,071)
Repayment of refundable entry contributions		(14,295,609)	(10,714,096)
Net cash flows from financing activities		17,449,476	17,565,209
Net increase (decrease) in cash and cash equivalents		15,040,113	(348,246)
Cash and cash equivalents at the beginning of the financial year		124,643,020	124,991,266
Cash and cash equivalents at the end of the financial year	6	**139,683,133**	**124,643,020**

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 Directors on 21 September 2019.

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 entity 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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

AASB 9 Financial Instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an "expected credit loss" model for impairment of financial assets.

The most significant impact of the replacement of AASB 139 by AASB 9 for the company is the discontinuation of the "available-for-sale" default financial asset category under AASB 139 that was applicable to the company's managed funds investment portfolio. Under AASB 139 these financial assets were recognised at fair value through other comprehensive income and the aggregate of current and prior years unrealised fair value gains attributable to these financial assets were recorded in the Financial Assets Reserve.

Under AASB 9, the company's managed funds investment portfolio is classified as a "financial asset at fair value through profit and loss" with annual unrealised fair value gains or losses recorded in profit and loss and not other comprehensive income. Prior years aggregate unrealised fair value gains have been transferred from the Financial Assets Reserve to Accumulated Funds through the Statement of Changes in Funds.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2019 reporting period and have not been early adopted by the company. These include:

- 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 Directors 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*.

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 accrual's 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 include 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.

Note 3 - Significant accounting policies (continued)

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.

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.

Note 3 - Significant accounting policies (continued)

Property, plant and equipment (continued)

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.

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.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component

Classification and subsequent measurement

Financial assets

Financial assets other than those designated and effective as hedging instruments are classified upon initial recognition into the following categories:

- amortised cost
- equity instruments at fair value through other comprehensive income (FVOCI)
- fair value through profit or loss (FVPL)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance income or finance costs, except for impairment of trade receivables which are disclosed with other expenses.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset
- the business model for managing the financial asset

Financial assets at amortised cost

Financial assets are measured at amortised cost if the asset meets the following conditions (and are not designated as FVPL):

- the financial asset is managed solely to collect contractual cash flows
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates

Equity instruments at fair value through other comprehensive income

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at fair value through other comprehensive income. Subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss unless the dividend clearly represents return of capital.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

Note 3 - Significant accounting policies (continued)

Financial instruments

Financial assets at fair value through profit or loss

Financial assets that are held within a different business model other than to "hold and collect" or "hold to collect and sell" are categorised at fair value through profit or loss. The initial designation of financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Impairment of financial assets

The impairment requirements as applicable under AASB 9 use more forward looking information to recognise expected credit losses. Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due, and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument

The Directors consider a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying this approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk
- financial instruments that have deteriorated significantly in credit quality since initial recognition and the credit risk is not low
- financial assets that have objective evidence of impairment at reporting date

The loss allowance for the first category is measured as "12-month expected credit loss" and for the second category is measured as "lifetime expected credit losses".

Trade and other receivables

The company makes use of a simplified approach. The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:

- trade receivables
- lease receivables

In measuring the expected credit loss, a provision matrix for trade receivables is used, taking into consideration various data to get to an expected credit loss including historical experience, external indicators and forward looking information to calculate the expected credit losses.

Financial liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the company designated a financial liability at fair value through profit and loss.

Financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at fair value through profit or loss, which are carried subsequently at fair value with gains or losses recognised in profit or loss. A financial liability cannot be reclassified.
All interest related charges and, if applicable, changes in the instruments fair value that are reported in profit or loss are included within finance costs or finance income.

Note 3 - Significant accounting policies (continued)

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.

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).

Note 3 - Significant accounting policies (continued)

Fair value of assets and liabilities (continued)
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.

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 2019

	2019 $	2018 $
Note 4 - Revenue and other income		
Residential aged care services		
Government subsidies and recurrent grants	58,441,195	54,864,054
Resident fees and charges	17,681,498	17,006,094
Daily accommodation payments	2,118,775	1,458,092
Government non-recurrent subsidy	1,260,000	-
Accommodation bond periodic payments	31,012	45,695
Retentions from accommodation bonds	155,281	352,013
Other revenue	235,244	129,504
	79,923,005	73,855,452
Retirement villages		
Resident fees and charges	4,665,601	4,631,606
Retentions from resident entry contributions	5,135,011	4,957,812
Other revenue	391,601	428,667
	10,192,213	10,018,085
Community care		
Government subsidies and recurrent grants	11,293,582	8,784,159
Client fees and charges	10,578,819	8,436,089
Other revenue	1,017,192	844,233
	22,889,592	18,064,481
Other services		
Donations and bequests	310,636	91,263
Fundraising income	4,662	9,426
Property rent	458,367	337,000
Other revenue	258,251	185,354
Sales of merchandise	368,132	422,557
	1,400,048	1,045,600
Total revenue	114,404,858	102,983,618
Other income		
Finance income		
Dividends	741,638	574,549
Investment income - third parties	4,473,584	4,075,594
Fair value gain on financial assets	1,523,192	1,503,006
Total finance income	6,738,414	6,153,149
Net gain on the disposal of property, plant and equipment	67,951	82,869
Insurance recovery	24,144	6,749
Government grants	50,433	-
Total other income	6,880,942	6,242,767
Total revenue and other income	121,285,800	109,226,385

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	$	$
Note 5 - Expenses		
Depreciation		
Buildings	8,364,365	7,616,839
Plant and equipment	4,677,229	4,159,728
Total depreciation	13,041,594	11,776,567
Capital gains expense	-	273,825
Finance costs		
Interest and finance charges paid - third parties	349,788	333,470
Impairment loss on financial assets	675	-
Net loss on disposal of financial assets	123	-
Total finance expenses	350,586	333,470
Impairment of trade receivables	196,874	15,605
Impairment loss on property, plant and equipment	-	1,925,616
Net loss on disposal of property, plant and equipment	26,156	105,413
Rental expense - third parties	452,731	422,137

Note 6 - Cash and cash equivalents

	2019	2018
Cash at bank and on hand	11,045,667	8,304,212
Term deposits	128,637,466	116,338,808
Total cash and cash equivalents	139,683,133	124,643,020

Note 7 - Trade and other receivables

	2019	2018
Expected to be settled within 12 months		
Trade receivables	1,013,164	204,042
Provision for impairment	(196,874)	(15,605)
	816,290	188,437
Refundable accommodation deposits receivable	20,279,298	20,452,528
Refundable entry contributions receivable	944,048	951,684
Other receivables	2,435,697	1,563,238
Refunds of GST and imputation credits due	299,387	218,976
Prepayments	862,929	724,560
	25,637,649	24,099,423
Total trade and other receivables	25,637,649	24,099,423
Provision for impairment		
Opening net carrying amount	15,605	-
Increase (decrease) in provision	181,269	15,605
Closing net carrying amount	196,874	15,605

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Note 8 - Financial assets

	2019 $	2018 $
Expected to be settled after 12 months		
Financial assets at fair value through profit or loss		
Shares in listed corporations	2,573,912	2,432,141
Units in managed funds	28,044,167	26,224,915
Fixed interest securities	1,517,050	-
Total financial assets	32,135,129	28,657,056
Movements in carrying amount		
Opening net carrying amount	28,657,056	23,378,786
Additions	1,955,004	3,775,264
Disposals	(123)	-
Fair value gain	1,523,192	1,503,006
Closing net carrying amount	32,135,129	28,657,056

Note 9 - Capital work in progress

	Residential $	Other $	Total $
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
Movements in carrying amounts			
Opening net carrying amount	2,922,494	1,074,100	3,996,594
Additions	4,430,912	3,897,732	8,328,644
Reclassification	(3,832,139)	(1,528,055)	(5,360,194)
Expensed	(180)	(9,066)	(9,246)
Closing net carrying amount	3,521,087	3,434,711	6,955,798
At 30 June 2019			
Cost	3,521,087	3,434,711	6,955,798
Net carrying amount	3,521,087	3,434,711	6,955,798

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Note 10 - Property, plant and equipment

	Land $	Buildings $	Plant and Equipment $	Total $
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
Movements in carrying amounts				
Opening net carrying amount	84,725,013	186,186,508	21,587,358	292,498,879
Additions - residential	-	609,631	1,746,428	2,356,059
Additions - non residential	505,309	156,023	835,054	1,496,386
Disposals	-	(21,227)	(175,098)	(196,325)
Reclassification	1,681,554	3,074,665	603,975	5,360,194
Depreciation charge for the year	-	(8,364,365)	(4,677,229)	(13,041,594)
Closing net carrying amount	86,911,876	181,641,235	19,920,488	288,473,599
At 30 June 2019				
Cost	86,911,876	275,541,776	54,420,603	416,874,255
Accumulated depreciation	-	(93,900,541)	(34,500,115)	(128,400,656)
Net carrying amount	86,911,876	181,641,235	19,920,488	288,473,599

Security

At 30 June 2019, land and buildings with a carrying value of $54,015,828 (2018: $54,818,762) are subject to a registered first mortgage to secure a bank loan facility. This facility was unused at the reporting date.

Note 11 - Trade and other payables

	2019 $	2018 $
Expected to be settled within 12 months		
Trade payables	2,917,200	2,201,712
Income in advance	1,071,527	1,085,092
Liabilities to employees	5,998,648	5,281,319
Refundable accommodation deposits payable	9,205,975	5,473,291
Refundable entry contributions payable	102,500	384,098
Retirement village surplus carried forward	358,933	560,984
Unspent CDC funds	2,972,185	2,226,942
Other payables	1,033,820	1,103,290
Total trade and other payables	23,660,788	18,316,728

Note 12 - Refundable loans

	2019 $	2018 $
Expected to be settled within 12 months		
Refundable accommodation deposits	42,583,033	39,283,508
Refundable entry contributions	18,289,880	15,224,018
	60,872,913	54,507,526
Expected to be settled after 12 months		
Refundable accommodation deposits	87,005,411	80,463,567
Refundable entry contributions	102,828,569	105,047,100
	189,833,980	185,510,667
Total refundable loans	250,706,893	240,018,193

Note 12 - Refundable loans (continued)

	2019 $	2018 $
(a) Movement in refundable accommodation deposits:		
Opening net carrying amount	119,747,075	103,205,259
Add (less)		
Accommodation deposits received	37,353,548	47,992,830
Retention from bonds	(155,281)	(352,013)
Transfers to/from entry contributions	110,000	1,303,183
Accommodation deposits and bonds refunded	(27,466,898)	(32,402,184)
Closing net carrying amount	129,588,444	119,747,075
(b) Movement in refundable entry contributions:		
Opening net carrying amount	120,271,118	119,334,652
Add (less)		
Entry contributions received	20,106,350	17,592,765
Retention/interest from contributions	(5,135,011)	(4,957,812)
Transfers to/from accommodation deposits	(110,000)	(1,303,183)
Entry contributions refunded	(14,014,008)	(10,395,304)
Closing net carrying amount	121,118,449	120,271,118

(c) 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
(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.

Note 13 - Provisions

	2019 $	2018 $
Expected to be settled within 12 months		
Employee entitlements - long service leave and redundancy	4,265,379	4,623,388
Capital gains payable	719,106	772,730
Morgan tertiary education funds payable	125,189	112,222
	5,109,674	5,508,340
Expected to be settled after 12 months		
Employee entitlements - long service leave	872,215	741,989
	872,215	741,989
Total provisions	5,981,889	6,250,329

(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.

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Note 13 - Provisions (continued)

(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	112,222	5,365,377	772,730	6,250,329
Additional provision recognised	12,967	867,125	-	880,092
Provision utilised during the year	-	(795,810)	(53,624)	(849,434)
Unused amounts reversed	-	(299,098)	-	(299,098)
Closing net carrying amount	125,189	5,137,594	719,106	5,981,889

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.

Note 15 - Events occurring after balance date

There were no significant events occurring after balance date.

Note 16 - Commitments

	2019	2018
	$	$
(a) Capital commitments		
Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:	1,852,414	1,679,264
(b) Operating lease commitments		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	105,000	173,639
Later than one year but not later than five years	18,123	123,123
	123,123	296,762

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.

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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 2019 the number of members of the company was 689 (2018: 740).

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 homes 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

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

		2019 $	2018 $
Mr Norm Evers	*Fire escape plans for various buildings*	2,390	1,150
Mr Peter Wood	*Purchase of furniture for the admin building*	-	9,394
Mr Anthony Short	*Legal services*	1,966	-
		4,356	10,544

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

Note 20 - Cash flow information

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

	2019 $	2018 $
Surplus for the year	3,226,016	(396,035)
Adjustments for:		
Depreciation	13,041,594	11,776,567
Impairment of trade receivables	196,874	15,605
Impairment loss of non-current assets	-	1,925,616
Net (fair value gain) impairment loss on financial assets	(1,522,517)	(1,503,006)
(Gain) loss on disposal of property, plant and equipment	(41,795)	22,544
(Gain) loss on disposal of financial assets	123	-
Other non cash items	(152,075)	258,220
Retentions from accommodation bonds	(155,281)	(352,013)
Retentions from refundable entry contributions	(5,135,011)	(4,957,812)
Changes in assets and liabilities		
(Increase) decrease in trade and other receivables	(2,108,648)	206,373
(Increase) decrease in prepayments	(50,375)	47,301
(Decrease) increase in trade and other payables	4,199,679	2,146,248
(Decrease) increase in provisions	(9,973)	439,784
Net cash from operating activities	11,488,611	9,629,392

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Note 21 - Charitable fundraising activities

	2019 $	2018 $
(a) Fundraising income and expenditure		
Gross proceeds from fundraising	741,515	463,606
Total costs of fundraising	272,874	254,910
Net surplus from fundraising	468,641	208,696
(b) Key fundraising ratios		
Total cost of fundraising (A)	272,874	254,910
Gross proceeds from fundraising (B)	741,515	463,606
(A) divided by (B)	*37%*	*55%*
Net surplus from fundraising (A)	468,641	208,696
Gross proceeds from fundraising (B)	741,515	463,606
(A) divided by (B)	*63%*	*45%*
Total cost of services provided (A)	103,306,431	95,557,919
Total expenditure (B)	118,059,784	109,622,420
(A) divided by (B)	*88%*	*87%*
Total cost of services provided (A)	103,306,431	95,557,919
Total income received (B)	121,285,800	107,723,379
(A) divided by (B)	*85%*	*89%*

(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.

(e) Directors Declaration

Made in accordance with a resolution of the Directors.

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

FINANCIAL REPORT - 30 JUNE 2019

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 2019, 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 2019 and of the performance for the year ended on that date.

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 Directors and is signed for and on behalf of the Directors by:

Louise Buxton	Ian Morante
President	Vice President

Sydney, 21 September 2019

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

FINANCIAL REPORT - 30 JUNE 2019

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 2019; and

(ii) The statement of financial position as at 30 June 2019 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 Directors and is signed for and on behalf of the Directors by:

Louise Buxton	Ian Morante
President	Vice President

Sydney, 21 September 2019

StewartBrown
Integrity + Quality + Clarity
CHARTERED ACCOUNTANTS

NSW
LEVEL 2 / TOWER 1 / 495 VICTORIA AVE
CHATSWOOD NSW 2067 / AUSTRALIA
PO BOX 5515 / CHATSWOOD NSW 2057
TEL: 61 2 9412 3033
FAX: 61 2 9411 3242
SA
LEVEL 1 / 104 FROME STREET
ADELAIDE SA 5000 / AUSTRALIA
TEL: 61 8 8229 2280
FAX: 61 8 8229 2288

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

FINANCIAL REPORT - 30 JUNE 2019

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 2019, 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 2019 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.

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

FINANCIAL REPORT - 30 JUNE 2019

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 Directors 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 2019

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 2019; and

b) the financial report has been properly drawn up, and the associated records have been properly kept for the period 1 July 2018 to 30 June 2019, 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 2018 to 30 June 2019 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 the company will be able to pay its debts as and when they become due and payable.

StewartBrown

StewartBrown
Chartered Accountants

S.J. Hutcheon
Partner

21 September 2019