



United in Christian Care

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

FINANCIAL REPORT - 30 JUNE 2021

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

FINANCIAL REPORT - 30 JUNE 2021

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 2021 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*)
Susan Herbertson (*Vice President*)
Anthony Short (*Vice President*)
Steve Walkerden (*Chief Executive Officer*)
Lindsay Doust
Norm Evers
John Horsfield
Rex Morris
Paul Soper
Tim Thorndyke
David Wallace

PRINCIPAL ACTIVITIES

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 reported a net surplus before tax of \$3,181,958, which was largely due to a \$6,411,752 fair value gain on investments and partially off-set by poor operating results of our residential care facilities and lower investment income. A positive cash flow from operating activities of \$11,618,483 (2020: \$9,330,889) was generated, with an overall net increase in cash and cash equivalents of \$15,391,409 (2020: \$7,029,188) during the year which included capital expenditure totalling \$8,115,543 (2020: \$10,694,870) and purchase of financial assets totalling \$1,633,976. The assets of the company increased by \$94,083,003 during the year due to the revaluation of land. 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 \$6,446,394 (5.2%) to \$129,490,051 excluding COVID-19 subsidies, during the year ended 30 June 2021, compared with the 1.6% revenue growth for the previous financial year. The growth in revenues was mainly in the area of residential care (\$3,039,101) and community care (\$464,291), whereas a reduction in revenues was reported in the areas of retirement villages (\$529,180) and other income (\$2,070,221), due to the reporting of a substantial net gain on disposal of property plant and equipment during the previous period.

The \$3,039,101 in additional revenue earned from residential care services is mainly due to increases in government funding resulting from the increased care needs of residents.

Investment income was \$5,542,403 higher than the previous year, due to the significant fair value gain on investments, partly off-set by lower interest rates and investment returns.

Total expenses rose by \$2,504,351 (excluding \$2,018,837 COVID-19 related costs) or 2% during the 2021 financial year compared to an increase of 4.9% in the previous financial year. Salaries and associated costs also increased by \$1,313,294 or 1.8% during the period, mainly due to rate of pay increases.

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED
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FINANCIAL REPORT - 30 JUNE 2021

DIRECTORS' REPORT

REVIEW OF PERFORMANCE (CONTINUED)

Statement of Financial Position

Total assets of the company increased by \$107,309,945 this year, mainly due to a \$94 Million revaluation of land, and liabilities rose by \$10 Million resulting in an increase in net assets of \$97.3 Million. Additions to property, plant and equipment totalled \$8.1 Million during the financial year. This included capital expenditure on the following projects: T&R Agst renovations in Wahrenonga, purchase of a property in Wagga Wagga and minor renovations in a number of other aged care facilities.

The company's liabilities increased by \$10 Million, mainly due to a \$7.2 Million 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 \$65.6 Million. The amount actually repaid during the current financial year was \$53.6 Million and this was fully funded by the incoming loans of new residents.

Statement of Cash Flows

Cash and cash equivalents increased by \$15.4 Million during the financial year to \$162.1 Million compared with an increase of \$7 Million during the previous financial year. This was achieved after \$8.1 Million in capital expenditure and purchase of shares and managed funds valued at \$1.6 Million, as well as the proceeds from sale of property plant and equipment for \$0.7 Million during the year.

Cash flows from operations increased from the previous year by \$2.3 Million to \$11.6 Million during the year. Cash flows from financing activities were \$4.1 Million higher than the previous financial year. This was due to an increase in proceeds from resident loans compared to the previous financial year.

Statement of Changes in Funds

The main changes to funds this year were a \$94 Million increase in Asset Revaluation Reserve due to the revaluation of land by the Directors, as well as the \$3.2 Million operating surplus for the year.

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

Region	Revenue	Operating Result
	\$	\$
Hunter	12,633,332	2,200,051
North Coast	26,438,551	2,871,790
Central West	14,230,307	(342,461)
Western	12,545,065	(431,239)
Riverina Murray	26,116,547	467,220
Sydney North	9,830,912	435,745
Sydney	27,478,987	1,140,585
Corporate	3,393,100	(3,159,733)
Inter-district revenue	(3,176,750)	-
	<u>129,490,051</u>	<u>3,181,958</u>

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

Anthony Short
Vice President

Sydney, 24 September 2021

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021 \$	2020 \$
ASSETS			
Cash and cash equivalents	7	162,103,730	146,712,321
Trade and other receivables	8	16,869,789	21,456,512
Financial assets	9	39,114,252	31,068,524
Capital work in progress	10	5,728,144	3,231,120
Property, plant and equipment	11	375,687,919	289,636,385
Right-of-use assets	12	213,646	302,673
TOTAL ASSETS		599,717,480	492,407,535
LIABILITIES			
Trade and other payables	13	30,602,201	24,012,822
Refundable loans expected to be paid within 12 months	14	65,573,789	63,285,086
Lease liabilities expected to be paid within 12 months	15	100,170	92,981
Provisions expected to be paid within 12 months	16	4,814,091	4,714,683
Refundable loans expected to be paid after 12 months	14	191,401,022	190,336,814
Lease liabilities expected to be paid after 12 months	15	122,696	216,375
Provisions expected to be paid after 12 months	16	1,023,663	933,887
TOTAL LIABILITIES		293,637,632	283,592,648
NET ASSETS		306,079,848	208,814,887
FUNDS			
Accumulated funds		211,996,845	208,814,887
Reserves		94,083,003	-
TOTAL FUNDS		306,079,848	208,814,887

The accompanying notes form part of these financial statements

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$	2020 \$
Revenue	4	119,452,460	116,590,400
Other income	4	10,037,591	6,453,257
		<u>129,490,051</u>	<u>123,043,657</u>
Expenses			
Administration expenses		(5,051,153)	(5,208,172)
Cleaning and laundry expenses		(2,810,766)	(2,586,394)
Depreciation	5	(13,056,576)	(13,009,366)
Finance costs	5	(303,256)	(1,032,193)
Food supplies		(6,767,352)	(6,412,365)
Maintenance costs		(4,854,794)	(4,653,290)
Resident and client expenses		(7,040,719)	(6,948,145)
Salaries and employee benefits		(74,531,994)	(73,218,700)
Utilities		(1,847,108)	(2,008,281)
Other		(9,859,706)	(8,542,167)
		<u>(126,123,424)</u>	<u>(123,619,073)</u>
Surplus (deficit) before COVID-19 net effect		3,366,627	(575,416)
COVID-19 net effect	6	<u>(184,669)</u>	<u>(3,145,435)</u>
Surplus (deficit) before income tax		3,181,958	(3,720,851)
Income tax expense		<u>-</u>	<u>-</u>
Surplus (deficit) for the year		3,181,958	(3,720,851)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain on revaluation of land		94,083,003	-
Other comprehensive income for the year		<u>94,083,003</u>	<u>-</u>
Total comprehensive income (loss) for the year		<u>97,264,961</u>	<u>(3,720,851)</u>

The accompanying notes form part of these financial statements

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED**STATEMENT OF CHANGES IN FUNDS**
FOR THE YEAR ENDED 30 JUNE 2021

	Accumulated Funds \$	Asset Revaluation Reserve \$	Total \$
Balance at 1 July 2019	212,535,738	-	212,535,738
Comprehensive income			
Surplus (deficit) for the year	(3,720,851)	-	(3,720,851)
Other comprehensive income	-	-	-
Total comprehensive income (loss) for the year	<u>(3,720,851)</u>	<u>-</u>	<u>(3,720,851)</u>
Balance at 30 June 2020	<u>208,814,887</u>	<u>-</u>	<u>208,814,887</u>
Balance at 1 July 2020	208,814,887	-	208,814,887
Comprehensive income			
Surplus for the year	3,181,958	-	3,181,958
Other comprehensive income	-	94,083,003	94,083,003
Total comprehensive income for the year	<u>3,181,958</u>	<u>94,083,003</u>	<u>97,264,961</u>
Balance at 30 June 2021	<u>211,996,845</u>	<u>94,083,003</u>	<u>306,079,848</u>

The accompanying notes form part of these financial statements

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers and government		121,470,414	115,435,868
Payments to suppliers and employees		(116,206,688)	(113,000,951)
Dividends received		507,968	724,995
Donations and bequests received		36,300	160,191
Investment income received		3,196,246	4,233,686
Other receipts		49,864	78,180
Interest paid - other		(290,878)	(417,832)
Interest paid - leases		(12,378)	(16,102)
Net GST refunded (paid)		2,867,635	2,132,854
<i>Net cash flows from operating activities</i>	23	<u>11,618,483</u>	<u>9,330,889</u>
Cash flows from investing activities			
Purchase of property, plant and equipment - residential		(2,107,745)	(1,729,633)
Purchase of property, plant and equipment - other		(2,063,413)	(3,727,979)
Purchase of capital works in progress - residential		(2,060,160)	(1,707,130)
Purchase of capital works in progress - other		(1,884,225)	(3,530,128)
Proceeds from sale of property, plant and equipment		733,446	2,318,620
Purchase of financial assets		(1,633,976)	(2,610,941)
<i>Net cash flows from investing activities</i>		<u>(9,016,073)</u>	<u>(10,987,191)</u>
Cash flows from financing activities			
Proceeds from refundable accommodation deposits		48,765,691	47,641,723
Proceeds from refundable entry contributions		13,980,718	13,810,538
Repayment of refundable accommodation deposits		(41,191,631)	(43,084,468)
Repayment of refundable entry contributions		(8,670,666)	(9,593,405)
Repayment of lease liabilities		(95,113)	(88,898)
<i>Net cash flows from financing activities</i>		<u>12,788,999</u>	<u>8,685,490</u>
Net increase in cash and cash equivalents		15,391,409	7,029,188
Cash and cash equivalents at the beginning of the financial year		<u>146,712,321</u>	<u>139,683,133</u>
Cash and cash equivalents at the end of the financial year	7	<u>162,103,730</u>	<u>146,712,321</u>

The accompanying notes form part of these financial statements

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2021**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 24 September 2021.

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 entity 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.

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.

Key estimates***Impairment - general***

The Directors assesses 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.

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2021**Note 2 - Basis of preparation (continued)*****Critical accounting estimates and judgements (continued)******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.

Refundable 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 refundable entry contributions have been designated as either being expected to be paid within twelve months or expected to be paid after twelve months based on the variables as they stand at balance date.

Comparative figures

Where required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

New and revised standards that are effective for these financial statements

Several amendments to Australian Accounting Standards and interpretations are mandatory for the 30 June 2021 reporting period. These include:

- *AASB 2018-6: Definition of a Business* (amendments to AASB 3)
- *AASB 2018-7: Definition of Material* (amendments to AASB 101 and AASB 108)
- *AASB 2019-1: References to the Conceptual Framework* (revises the Conceptual Framework for Financial Reporting)
- *AASB 2020-4: Amendments to AASs - Covid-19-Related Rent Concessions* (amendments to AASB 16)

The amendments listed above did not have any impact on the amounts recognised in the current or prior periods but may affect future periods.

New standards and interpretations not yet adopted

Certain new accounting standards, amendments and interpretations have been published that are not mandatory for 30 June 2021 reporting periods and have not been early adopted by the company. These include:

- *AASB 1060: General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (effective for the year ending 30 June 2022)
- *AASB 2020-1: Amendments to AASs - Classification of Liabilities as Current or Non-current* (effective for the year ending 30 June 2024)

It is not expected that AASB 2020-1 will have a material impact on the company in future reporting periods. AASB 1060 may have a material impact on the company in future reporting periods and on foreseeable future transactions and disclosures since AASB 1060 acts to mandate that the company prepare a general purpose financial report under a new Simplified Disclosure Standard in future reporting periods. The company has not yet assessed the specific financial reporting impacts of AASB 1060.

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2021**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.

Interest and dividends

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

Retentions from entry contributions

The retention income earned from resident entry contributions 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.

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.

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

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.

Property, plant and equipment

Recognition and measurement

Each class of property, plant and equipment is carried at cost or fair value 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 accumulated funds.

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.

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	5 to 12 years
Computer equipment and software	3 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.

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2021**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.

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.

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2021**Note 3 - Significant accounting policies (continued)*****Financial instruments (continued)****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.

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2021**Note 3 - Significant accounting policies (continued)*****Right-of-use assets***

At inception, a right-of-use assets and a lease liability is recognised. Right-of-use assets are included in the statement of financial position within a classification relevant to the underlying asset.

Right-of-use assets are initially measured at cost, comprising of the following:

- the amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date, less any lease incentives received
- Any initial direct costs incurred
- An estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred either at the commencement date or as a consequence of having used the underlying asset during a particular period

Subsequently, right-of-use assets are measured using a cost model. The right-of-use asset is depreciated to the earlier of the useful life of the asset or the lease term using the straight-line method and is recognised in the statement of profit or loss and other comprehensive income in "Depreciation and amortisation".

The company tests for impairment where there is an indication that a right of use asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of a right of use asset is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount. The resulting impairment loss is recognised immediately in surplus or deficit, except where the decrease reverses a previously recognised revaluation increase for the same asset.

The resulting decrease is recognised in other comprehensive income to that extent and reduces the amount accumulated in equity under revaluation surplus, and future depreciation charges are adjusted in future periods to allocate the revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

Leases

The company leases several assets including office space. A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

At inception of a contract, it is assessed to determine whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. If the terms and conditions of a contract are changed, it is reassessed to once again determine if the contract is still, or now contains, a lease.

The term of a lease is determined as the non-cancellable period of the lease, together with the periods covered by an option to extend the lease where there is reasonable certainty that the option will be exercised, and periods covered by an option to terminate the lease if there is reasonable certainty that the option will not be exercised.

The assessment of the reasonable certainty of the exercising of options to extend the lease, or not exercising of options to terminate the lease, is reassessed upon the occurrence of either a significant event or a significant change in circumstances that is within the company's control and it affects the reasonable certainty assumptions. The assessment of the lease term is revised if there is a change in the non-cancellable lease period.

The company does not recognise leases that have a lease term of 12 months or less or are of low value as a right-of-use asset or lease liability. The lease payments associated with these leases are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2021**Note 3 - Significant accounting policies (continued)*****Lease liability***

At the commencement date of the lease, the lease liability is initially recognised for the present value of non-cancellable lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate.

The tenor of a lease includes any renewal period where the lessee is reasonably certain that they will exercise the option to renew. The company has reviewed all its leases and included any extensions where the company assessed it is reasonably certain the lease agreement will be renewed.

The lease payment used in the calculation of the lease liabilities should include variable payments when they relate to an index or rate. Where leases contain variable lease, payments based on an index or rate at a future point in time, the company has used the incremental uplift contained in the lease or the respective Reserve Bank forward-looking CPI target for CPI-related increases.

In the absence of any floor or cap clauses in the lease agreements, the company measures the rent for the year under market review at an amount equal to the rent of the year preceding the market review increased by a fixed rate.

The lease liability is initially measured at the present value of the lease payments that are not yet paid at the commencement date. Lease payments are discounted using the relevant company's incremental borrowing rate. The incremental borrowing rate used for this calculation is dictated by the tenor of the lease and the location of the asset. The incremental borrowing rate is the rate the company would be charged on borrowings, provided by our banking partners. The weighted average incremental borrowing rate is 4.5%. The following lease payments being fixed payments, less any lease incentives receivable are included where they are not paid at the commencement date.

Subsequently, the lease liability is measured by:

- increasing the carrying amount to reflect interest on the lease liability
- reducing the carrying amount to reflect the lease payments made
- remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments

The unwind of the financial charge on the lease liabilities is recognised in the statement of profit or loss and other comprehensive income in "Finance costs" based on the company's incremental borrowing rate.

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.

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2021**Note 3 - Significant accounting policies (continued)*****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 Australian corporate bonds with terms to maturity that match the expected timing of cash flows.

Provisions

Provisions are recognised when the entity 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.

Refundable entry contributions

Refundable entry contributions are received from residents of self-care villages and they are non-interest bearing and the net amount is repayable upon departure or transfer. Refundable 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 entity 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 self-care 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.

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.

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2021**Note 3 - Significant accounting policies (continued)*****Fair value of assets and liabilities (continued)***

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 entity 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.

The fair value of liabilities and the entity'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.

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

	2021 \$	2020 \$
<u>Note 4 - Revenue and other income</u>		
Residential aged care services		
Government subsidies and recurrent grants	61,535,482	59,213,850
Resident fees and charges	18,065,703	17,669,319
Daily accommodation payments	2,617,557	2,390,761
Government non-recurrent subsidy	20,000	-
Accommodation bond periodic payments	-	22,623
Other revenue	385,686	288,774
	<u>82,624,428</u>	<u>79,585,327</u>
Retirement villages		
Resident fees and charges	4,608,983	4,724,088
Retentions from resident entry contributions	4,555,454	5,041,113
Other revenue	512,859	441,275
	<u>9,677,296</u>	<u>10,206,476</u>
Community care		
Government subsidies and recurrent grants	7,877,265	10,669,327
Client fees and charges	17,291,807	13,749,722
Other revenue	910,146	1,195,878
	<u>26,079,218</u>	<u>25,614,927</u>
Other services		
Donations and bequests	35,937	155,566
Fundraising income	347	5,350
Property rent	381,760	411,624
Sales of merchandise	447,671	362,240
Other revenue	205,803	248,890
	<u>1,071,518</u>	<u>1,183,670</u>
<i>Total revenue</i>	<u>119,452,460</u>	<u>116,590,400</u>
Other income		
Finance income		
Dividends	537,732	724,995
Investment income - third parties	2,991,258	3,673,344
Fair value gain on financial assets (not attributable to COVID-19)	6,411,752	-
<i>Total finance income</i>	<u>9,940,742</u>	<u>4,398,339</u>
Gain on the disposal of property, plant and equipment	96,849	2,032,834
Insurance recovery	-	10,798
Government grants	-	11,286
<i>Total other income</i>	<u>10,037,591</u>	<u>6,453,257</u>
<i>Total revenue and other income</i>	<u>129,490,051</u>	<u>123,043,657</u>

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

	2021 \$	2020 \$
<u>Note 5 - Expenses</u>		
Depreciation		
Buildings	8,595,165	8,360,756
Plant and equipment	4,363,761	4,553,029
Right-of-use assets	97,650	95,581
<i>Total depreciation</i>	<u>13,056,576</u>	<u>13,009,366</u>
Capital gains expense		
Finance costs		
Interest paid - third parties	290,878	417,832
Interest paid - lease liability	12,378	16,102
Fair value loss on financial assets (not attributable to COVID-19)	-	598,259
<i>Total finance expenses</i>	<u>303,256</u>	<u>1,032,193</u>
Loss on disposal of property, plant and equipment	54,465	24,329
Rental expense - third parties	15,036	19,435
Net fair value gain (loss) on financial assets		
Fair value gain on financial assets (<i>not attributable to COVID-19</i>)	-	(598,259)
Fair value gain (loss) on financial assets (<i>attributable to COVID-19</i>)	-	(3,079,287)
	<u>-</u>	<u>(3,677,546)</u>
<u>Note 6 - COVID-19</u>		
Funding received	1,834,168	1,113,730
Expenses incurred	(2,018,837)	(1,179,878)
Fair value loss on financial assets (<i>attributable to COVID-19</i>)	-	(3,079,287)
<i>Total COVID-19 net effect</i>	<u>(184,669)</u>	<u>(3,145,435)</u>
<u>Note 7 - Cash and cash equivalents</u>		
Cash at bank and on hand	30,473,318	14,128,507
Term deposits	131,630,412	132,583,814
<i>Total cash and cash equivalents</i>	<u>162,103,730</u>	<u>146,712,321</u>

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

	2021 \$	2020 \$
Note 8 - Trade and other receivables		
<u>Expected to be settled within 12 months</u>		
Trade receivables	273,308	1,226,290
Provision for impairment	-	(196,874)
	<u>273,308</u>	<u>1,029,416</u>
Refundable accommodation deposits receivable	12,472,378	17,227,622
Refundable entry contributions receivable	1,779	3,997
Other receivables	2,742,517	1,783,856
Refunds of GST and imputation credits due	334,919	404,333
Prepayments	1,044,888	1,007,288
	<u>16,869,789</u>	<u>21,456,512</u>
<i>Total trade and other receivables</i>	<u><u>16,869,789</u></u>	<u><u>21,456,512</u></u>
Provision for impairment		
Opening net carrying amount	196,874	196,874
Increase (decrease) in provision	(196,874)	-
Closing net carrying amount	<u>-</u>	<u>196,874</u>
Note 9 - Financial assets		
<u>Expected to be settled after 12 months</u>		
Financial assets at fair value through profit or loss		
Shares in listed corporations	2,739,839	2,200,276
Units in managed funds	34,819,314	27,423,477
Fixed interest securities	1,555,099	1,444,771
<i>Total financial assets</i>	<u>39,114,252</u>	<u>31,068,524</u>
Movements in carrying amount		
Opening net carrying amount	31,068,524	32,135,129
Additions	2,042,073	2,610,941
Fair value gain (loss) (not attributable to COVID-19)	6,003,655	(598,259)
Fair value gain (loss) (attributable to COVID-19)	-	(3,079,287)
Closing net carrying amount	<u>39,114,252</u>	<u>31,068,524</u>

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

Note 10 - Capital work in progress

	Residential \$	Other \$	Total \$
At 30 June 2020			
Cost	1,763,742	1,467,378	3,231,120
<i>Net carrying amount</i>	<u>1,763,742</u>	<u>1,467,378</u>	<u>3,231,120</u>
Movements in carrying amounts			
Opening net carrying amount	1,763,742	1,467,378	3,231,120
Additions	2,060,160	1,884,225	3,944,385
Reclassification	(743,002)	(704,359)	(1,447,361)
Closing net carrying amount	<u>3,080,900</u>	<u>2,647,244</u>	<u>5,728,144</u>
At 30 June 2021			
Cost	3,080,900	2,647,244	5,728,144
<i>Net carrying amount</i>	<u>3,080,900</u>	<u>2,647,244</u>	<u>5,728,144</u>

Note 11 - Property, plant and equipment

	Land \$	Buildings \$	Plant and Equipment \$	Total \$
At 30 June 2020				
Cost	89,382,852	283,210,394	56,908,025	429,501,271
Accumulated depreciation	-	(101,851,733)	(38,013,153)	(139,864,886)
<i>Net carrying amount</i>	<u>89,382,852</u>	<u>181,358,661</u>	<u>18,894,872</u>	<u>289,636,385</u>
Movements in carrying amounts				
Opening net carrying amount	89,382,852	181,358,661	18,894,872	289,636,385
Additions - residential	-	569,206	1,538,539	2,107,745
Additions - non residential	-	311,451	1,751,963	2,063,414
Disposals	(263,000)	(189,475)	(238,588)	(691,063)
Reclassification	316,000	648,042	483,319	1,447,361
Revaluation	94,083,003	-	-	94,083,003
Depreciation charge for the year	-	(8,595,165)	(4,363,761)	(12,958,926)
Closing net carrying amount	<u>183,518,855</u>	<u>174,102,720</u>	<u>18,066,344</u>	<u>375,687,919</u>
At 30 June 2021				
Cost	-	284,454,593	59,209,493	343,664,086
Valuation	183,518,855	-	-	183,518,855
Accumulated depreciation	-	(110,351,873)	(41,143,149)	(151,495,022)
<i>Net carrying amount</i>	<u>183,518,855</u>	<u>174,102,720</u>	<u>18,066,344</u>	<u>375,687,919</u>

Security

At 30 June 2021, land and buildings with a carrying value of \$78,843,262 (2020: \$53,020,710) are subject to a registered first mortgage to secure a bank loan facility. This facility was unused at the reporting date.

Valuation of land

The freehold land was revalued by the Directors on 30 June 2021 by reference to the NSW Valuer General land valuation based on it's highest and best permitted use. Land held in Victoria was valued based on the current Council Rates Notice.

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

	2021	2020
	\$	\$
Note 12 - Right-of-use assets		
Leased offices - at cost	406,877	398,254
Accumulated depreciation	<u>(193,231)</u>	<u>(95,581)</u>
	<u>213,646</u>	<u>302,673</u>
Movements in carrying amounts		
Opening net carrying amount	302,673	398,254
Increase due to change in lease liability	8,623	-
Depreciation charge for the year	<u>(97,650)</u>	<u>(95,581)</u>
Closing net carrying amount	<u>213,646</u>	<u>302,673</u>
Note 13 - Trade and other payables		
<u>Expected to be settled within 12 months</u>		
Trade payables	2,640,094	2,052,186
Income in advance	1,658,493	1,637,308
Liabilities to employees	7,446,558	6,999,785
Refundable accommodation deposits payable	11,797,269	7,787,391
Refundable entry contributions payable	-	223,783
Retirement village surplus carried forward	216,512	218,741
Unspent CDC funds	5,390,397	4,066,804
Other payables	<u>1,452,878</u>	<u>1,026,824</u>
<i>Total trade and other payables</i>	<u>30,602,201</u>	<u>24,012,822</u>
Note 14 - Refundable loans		
<u>Expected to be settled within 12 months</u>		
Refundable accommodation deposits	46,065,778	44,277,314
Refundable entry contributions	<u>19,508,011</u>	<u>19,007,772</u>
	<u>65,573,789</u>	<u>63,285,086</u>
<u>Expected to be settled after 12 months</u>		
Refundable accommodation deposits	92,779,442	90,821,271
Refundable entry contributions	<u>98,621,580</u>	<u>99,515,543</u>
	<u>191,401,022</u>	<u>190,336,814</u>
<i>Total refundable loans</i>	<u>256,974,811</u>	<u>253,621,900</u>
(a) Movement in refundable accommodation deposits:		
Opening net carrying amount	135,098,585	129,588,444
<i>Add (less)</i>		
Accommodation deposits received	47,846,555	46,433,167
Allowable deductions	(258,123)	(44,102)
Transfers to/from entry contributions	1,359,712	803,229
Accommodation deposits and bonds refunded	<u>(45,201,509)</u>	<u>(41,682,153)</u>
Closing net carrying amount	<u>138,845,220</u>	<u>135,098,585</u>

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

	2021 \$	2020 \$
Note 14 - Refundable loans (continued)		
(b) Movement in refundable entry contributions:		
Opening net carrying amount	118,523,315	121,118,449
<i>Add (less)</i>		
Entry contributions received	13,978,500	12,870,487
Allowable deductions	(10,175)	-
Retention/interest from contributions	(4,555,454)	(5,041,113)
Transfers to/from accommodation deposits	(1,359,712)	(803,229)
Entry contributions refunded	(8,446,883)	(9,621,279)
Closing net carrying amount	<u>118,129,591</u>	<u>118,523,315</u>

(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 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.

	2021 \$	2020 \$
Note 15 - Lease liabilities		
<u>Expected to be settled within 12 months</u>		
Lease liabilities	<u>100,170</u>	<u>92,981</u>
	100,170	92,981
<u>Expected to be settled after 12 months</u>		
Lease liabilities	<u>122,696</u>	<u>216,375</u>
	122,696	216,375
<i>Total lease liabilities</i>	<u>222,866</u>	<u>309,356</u>
Movements in carrying amounts		
Opening net carrying amount	309,356	398,254
Increase in lease liability	8,623	-
Repayments	(107,491)	(105,000)
Interest	12,378	16,102
Closing net carrying amount	<u>222,866</u>	<u>309,356</u>
Note 16 - Provisions		
<u>Expected to be settled within 12 months</u>		
Employee entitlements - long service leave and redundancy	4,111,809	4,031,677
Capital gains payable	562,719	550,719
Morgan tertiary education funds payable	139,563	132,287
	<u>4,814,091</u>	<u>4,714,683</u>
<u>Expected to be settled after 12 months</u>		
Employee entitlements - long service leave	<u>1,023,663</u>	<u>933,887</u>
	1,023,663	933,887
<i>Total provisions</i>	<u>5,837,754</u>	<u>5,648,570</u>

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021****Note 16 - Provisions (continued)****(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 carrying amounts

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	132,287	4,965,564	550,719	5,648,570
Additional provision recognised	7,276	1,261,097	12,000	1,280,373
Provision utilised during the year	-	(779,327)	-	(779,327)
Unused amounts reversed	-	(311,862)	-	(311,862)
Closing net carrying amount	<u>139,563</u>	<u>5,135,472</u>	<u>562,719</u>	<u>5,837,754</u>
			2021	2020
			\$	\$

Note 17 - Reserves

Asset revaluation reserve	94,083,003	-
<i>Total reserves</i>	<u>94,083,003</u>	<u>-</u>

Nature and purpose of reserves

The asset revaluation reserve records gains on revaluation of property, plant and equipment recorded at fair value.

Note 18 - Commitments**(a) Capital commitments**

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

-	<u>135,075</u>
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Note 19 - 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.

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021****Note 20 - Events occurring after balance date**

Subsequent to the end of the financial year, there remains a degree of uncertainty in relation to future economic and other impacts of the COVID-19 pandemic, emergency control measures and progressive withdrawal of Government emergency support.

At the date of signing the financial statements the Directors are unable to determine what financial effects the virus could have on the company in the coming financial period.

No financial effects arising from the economic impacts of the virus have been included in the financial statements for the year ended 30 June 2021. The Directors acknowledge their responsibility to continuously monitor the situation and evaluate any financial impact including its ability to pay its debts as and when they become due and payable.

There were no other significant events occurring after balance date.

Note 21 - 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 2020 the number of members of the company was 640 (2020: 617).

Note 22 - 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.

	2021 \$	2020 \$
Note 23 - Cash flow information		
Reconciliation of net surplus (deficit) for the year to net cash flows from operations		
Surplus (deficit) for the year	3,181,958	(3,720,851)
<i>Adjustments for:</i>		
Depreciation	13,056,576	13,009,366
Fair value (gain) loss on financial assets	(6,411,752)	3,677,546
(Gain) loss on disposal of property, plant and equipment	(42,384)	(2,004,973)
Other non cash items	(268,281)	(36,151)
Retentions from refundable entry contributions	(4,555,454)	(5,041,113)
<i>Changes in assets and liabilities</i>		
(Increase) decrease in trade and other receivables	1,967,695	(509,383)
(Increase) decrease in prepayments	(39,312)	(203,998)
(Decrease) increase in trade and other payables	4,418,186	4,181,451
(Decrease) increase in provisions	311,251	(21,005)
Net cash from operating activities	<u>11,618,483</u>	<u>9,330,889</u>

UNITED PROTESTANT ASSOCIATION OF N.S.W. LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

	2021 \$	2020 \$
Note 24 - Charitable fundraising activities		
(a) Fundraising income and expenditure		
Gross proceeds from fundraising	479,491	445,659
Total costs of fundraising	210,864	242,019
Net surplus from fundraising	<u>268,627</u>	<u>203,640</u>
(b) Key fundraising ratios		
Total cost of fundraising (A)	210,864	242,019
Gross proceeds from fundraising (B)	479,491	445,659
(A) divided by (B)	44%	54%
Net surplus from fundraising (A)	268,627	203,640
Gross proceeds from fundraising (B)	479,491	445,659
(A) divided by (B)	56%	46%

(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 2021

DIRECTOR'S 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 2021, 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 2021 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 Directors.

Louise Buxton
President

Anthony Short
Vice President

Sydney, 24 September 2021

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

FINANCIAL REPORT - 30 JUNE 2021

DIRECTOR'S DECLARATION
UNDER THE CHARITABLE FUNDRAISING ACT 1991

In the opinion of the Directors of the 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 2021; and
- (ii) The statement of financial position as at 30 June 2021 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.

Louise Buxton
President

Anthony Short
Vice President

Sydney, 24 September 2021

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

FINANCIAL REPORT - 30 JUNE 2021

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

Opinion

We have audited the financial report of the United Protestant Association of N.S.W. Limited which comprises the statement of financial position as at 30 June 2021, 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 Director's Declaration.

In our opinion, the accompanying financial report of the 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 2021 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, 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.

Director's 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 2021

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 2021

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

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 2021; and
- b) the financial report has been properly drawn up, and the associated records have been properly kept for the period 1 July 2020 to 30 June 2021, 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 2020 to 30 June 2021 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
Chartered Accountants

S.J. Hutcheon
Partner

24 September 2021