



**TO THE MEMBERS OF ANGLICARE WA INC.
REPORT ON THE AUDIT OF THE FINANCIAL REPORT**

Qualified Opinion

We have audited the Financial Report of Anglicare WA Inc. (the Association), which comprises:

- Statement of financial position as at 30 June 2019.
- Statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended.
- Notes including a summary of significant accounting policies.
- Officers' declaration.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying Financial Report of the Association. is in accordance with the *Associations Incorporation Act 2015* and Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- (a) giving a true and fair view of the Association's financial position at 30 June 2019 and of its financial performance and its cash flows for the year ended on that date; and
- (b) complying with *Australian Accounting Standards – Reduced Disclosure Requirements*, and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis of Qualified Opinion

The Association has determined that it is impracticable to establish control over income from Op shop sales prior to entry into its financial records, such income is a significant source of revenue for the year ended 30 June 2019. Accordingly, as the evidence available to us regarding revenue from this source was limited, our audit procedures with respect to Op shop sales had to be restricted to amounts recorded in the financial records. We are therefore unable to express an opinion whether revenue from Op shops is complete.

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

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

We are independent of the Association in accordance with the auditor independence requirements of the *ACNC 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 fulfilled our other ethical responsibilities in accordance with the Code.

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Perth, an affiliate of Findex (Aust) Pty Ltd. Liability limited by a scheme approved under Professional Standards Legislation. Liability limited other than for acts or omissions of financial services licensees.

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Responsibilities of the Board of Members for the Financial Report

The Board of Members of the Association is responsible for:

- Preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards – Reduced Disclosure Requirements* and the *ACNC Act 2012*.
- Preparing the Financial Report in accordance with the *Associations Incorporations Act 2015*.
- Implementing necessary internal control 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.
- Assessing the Association's ability to continue as a going concern. This includes disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless they either intend to liquidate the Association or to cease operations or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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.

Undertaking an audit in accordance with *Australian Auditing Standards* means exercising professional judgement and maintaining professional skepticism.

Our responsibilities include:

- Identifying and assessing the risks of material misstatement of the Financial Report, whether due to fraud or error.
- Designing and performing audit procedures responsive to those risks and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error. This is because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. This is not for the purpose of expressing an opinion on its effectiveness.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Members.
- Concluding on the appropriateness of the Board of Members' use of the going concern basis of accounting and, based on the audit evidence obtained whether a material uncertainty exists related to events and conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the Auditor's Report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the Financial Report, including the disclosures and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.



CROWE PERTH



SEAN MCGURK

Partner

Signed at Perth, 23 September 2019

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AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, as lead auditor for the audit of Anglicare WA (Inc.) for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read "Sean McGurk".

CROWE PERTH

A handwritten signature in black ink, appearing to read "Sean McGurk".

SEAN MCGURK

Partner

Signed at Perth, 23 September 2019

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Anglicare WA Inc

ABN 32 797 454 970

Annual Report - 30 June 2019

Anglicare WA Inc
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Revenue			
Grants received		39,945,616	36,183,380
Fees		1,628,673	947,332
Interest		608,242	415,660
Donations and fund raising		2,403,369	1,607,982
Sale of goods		2,542,648	2,827,313
Rent and other revenue		963,613	880,676
Bequest income		71,859	1,145,781
Other income	4	139,038	291,433
Contribution income		-	69,068
		<hr/>	<hr/>
		48,303,058	44,368,625
Expenses			
Employee benefits		(36,200,502)	(32,016,175)
Subcontractor costs	3	(824,589)	(500,213)
Disbursements to clients		(505,960)	(1,085,185)
Accommodation		(3,535,737)	(3,748,502)
Depreciation		(849,461)	(916,554)
Advertising and marketing		(120,513)	(162,873)
Information technology		(1,184,856)	(1,020,000)
Telecommunications		(446,659)	(321,057)
Vehicle and travel		(1,195,064)	(1,149,890)
Finance costs		(151,116)	(149,693)
Other costs		(2,848,103)	(2,583,642)
		<hr/>	<hr/>
Surplus for the year attributable to the members of Anglicare WA Inc		440,498	714,841
Other comprehensive income for the year			
Items that will not be reclassified to profit or loss			
Gain on revaluation of equity instruments at fair value through other comprehensive income	14	45,301	40,073
Total comprehensive income for the year attributable to the members of Anglicare WA Inc		<hr/> <hr/>	<hr/> <hr/>
		485,799	754,914

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Anglicare WA Inc
Statement of Financial Position
As at 30 June 2019

	Note	2019 \$	2018 \$
Assets			
Current assets			
Cash and cash equivalents	5	3,638,460	8,529,205
Trade receivables	6	915,393	842,455
Other receivables – WA NILS	12	820,555	919,706
Other financial assets at amortised cost	7	17,242,323	13,136,198
Other current assets	8	1,289,516	937,643
Total current assets		<u>23,906,247</u>	<u>24,365,207</u>
Non-current assets			
Property, plant and equipment	9	6,373,960	6,997,508
Financial assets at fair value through other comprehensive income	10	514,487	469,186
Total non-current assets		<u>6,888,447</u>	<u>7,466,694</u>
Total assets		<u>30,794,694</u>	<u>31,831,901</u>
Liabilities			
Current liabilities			
Trade payables		777,081	510,112
Employee benefits	11	3,013,373	2,488,196
Borrowings	12	848,893	958,912
Funding in advance	13	3,618,733	5,257,701
Accrued expenses		911,793	849,715
Total current liabilities		<u>9,169,873</u>	<u>10,064,636</u>
Non-current liabilities			
Employee benefits	11	1,011,447	1,467,782
Borrowings	12	2,233,253	2,398,440
Other non-current liabilities		28,338	35,059
Total non-current liabilities		<u>3,273,038</u>	<u>3,901,281</u>
Total liabilities		<u>12,442,911</u>	<u>13,965,917</u>
Net assets		<u>18,351,783</u>	<u>17,865,984</u>
Equity			
Retained surpluses	14	18,086,332	17,645,834
Revaluation reserve	14	265,451	220,150
Total equity		<u>18,351,783</u>	<u>17,865,984</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Anglicare WA Inc
Statement of Changes in Equity
For the year ended 30 June 2019

	Note	Retained Surpluses	Revaluation Reserve	Total
		\$	\$	\$
Balance at 1 July 2017		16,930,993	180,077	17,111,070
Surplus for the year		714,841	-	714,841
Other comprehensive income for the year		-	40,073	40,073
Total comprehensive income for the year		714,841	40,073	754,914
Balance at 30 June 2018	13	17,645,834	220,150	17,865,984
Balance at 1 July 2018		17,645,834	220,150	17,865,984
Surplus for the year		440,498	-	440,498
Other comprehensive income for the year		-	45,301	45,301
Total comprehensive income for the year		440,498	45,301	-
Balance at 30 June 2019	13	18,086,332	265,451	18,351,783

The above statement of changes in equity should be read in conjunction with the accompanying notes

Anglicare WA Inc
Statement of Cash Flows
For the year ended 30 June 2019

	Notes	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers, donors and funding bodies (inclusive of GST)		45,542,759	46,079,157
Payments to suppliers and employees (inclusive of GST)		(46,425,938)	(42,258,522)
		<u>(883,180)</u>	<u>3,820,638</u>
Interest received		608,242	415,660
Interest paid		(151,116)	(149,693)
		<u>(426,053)</u>	<u>4,086,602</u>
Cash flows from investing activities			
Purchase of deposits with Anglican Community Fund		(4,106,125)	(63,806)
Payments for property, plant and equipment		(2,905,847)	(3,193,485)
Grants received for property, plant and equipment refurbishment		-	99,060
Receipts from sale of plant and equipment		2,822,486	2,789,601
		<u>(4,189,486)</u>	<u>(368,630)</u>
Cash flows from financing activities			
Net (repayments of)/proceeds from borrowings		(206,188)	326,250
Net payment of finance leases		(69,018)	(20,594)
		<u>(275,206)</u>	<u>305,594</u>
Net cash (used in)/from financing activities		(275,206)	305,594
Net (decrease)/increase in cash and cash equivalents		(4,890,745)	4,023,628
Cash and cash equivalents at the beginning of the financial year		8,529,205	4,505,577
Cash and cash equivalents at the end of the financial year	5	<u>3,638,460</u>	<u>8,529,205</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

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

(a) New, revised or amending Accounting Standards and Interpretations adopted

Anglicare WA Inc (Anglicare WA) has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The following Accounting Standards and Interpretations were adopted for the first time:

AASB 9 Financial Instruments

Anglicare has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss, unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch).

New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an impairment allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition, in which case the lifetime ECL method is adopted. For trade receivables, the simplified approach to measuring expected credit losses, using a lifetime expected loss allowance has been applied.

Anglicare adopted the modified retrospective approach in AASB 9, and as such comparatives have not been restated.

The adoption of AASB 9 had no material impact on amounts recognised in the financial statements. In terms of classification, Anglicare previously classified deposits with the Anglican Community Fund as "held to maturity investments". Under AASB 9 these deposits are classified as "other financial assets at amortised cost" (refer note 7). Similarly, investments in a Unit Trust were previously classified as "available for sale" financial assets. Under AASB 9 these investments are classified as "other financial assets at fair value through other comprehensive income" (refer note 10).

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(b) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), the Australian Charities and Not-for-profits Commission Act 2012 and the Associations Incorporation Act 2015 and associated regulations, as appropriate for not-for-profit oriented entities. Anglicare WA is a not-for-profit entity for the purpose of preparing financial statements.

Historical cost convention

The financial statements have been prepared on an accruals basis and are based on the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income.

Note 1. Significant accounting policies (continued)

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Anglicare WA's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

(c) Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to Anglicare WA and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

i) *Sale of goods*

Revenue from the sale of goods in the Op Shops is recognised at point of sale when Anglicare WA has transferred to the buyer the significant risks and rewards of ownership of the goods.

ii) *Grants*

Grants are recognised as income when Anglicare WA obtains control of the funding and it is probable that the economic benefits gained from the funding will flow to Anglicare WA and the amount of funding can be measured reliably.

When funding is received whereby Anglicare WA incurs an obligation to deliver economic value back to the contributor or satisfy certain conditions, this is considered a reciprocal transaction and the funding revenue (grant) is initially recognised in the Statement of Financial Position as a funding in advance liability until the service has been delivered to the contributor, or conditions satisfied.

iii) *Bequests*

Bequests are recognised as income on receipt.

iv) *Donations and fundraising*

With the exception of goods donated to the Op Shops, donation and fundraising revenue are recognised at fair value when Anglicare WA obtains control over the assets comprising the contributions, usually when cash is received.

v) *Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

vi) *Other revenue including rent and fees*

Other revenue is recognised when it is received or when the right to receive payment is established.

(d) Income tax

As Anglicare WA is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

(e) Current and non-current classification

Assets and liabilities are presented in the Statement of Financial Position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in Anglicare WA's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

Note 1. Significant accounting policies (continued)

A liability is classified as current when: it is either expected to be settled in Anglicare WA's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

(f) 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 three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

All certificates held over 90 days are classified as investments measured at amortised cost. Refer to note 1 (h) (i), Investments.

(g) Trade and other receivables

Trade and other receivables are initially recognised at fair value. They are subsequently measured at amortised cost, less any allowance for impairment. For trade receivables, Anglicare has applied the simplified approach under AASB 9 to measure expected credit losses, which uses a lifetime expected loss allowance. Other receivables represent amounts due from customers of WA NILS. Anglicare WA's credit risk on these receivables is restricted to instances where losses arise from either fraud or negligence on Anglicare WA's part. Anglicare WA does not expect to incur credit losses on the WA NILS receivables.

(h) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification depends on Anglicare WA's business model for managing the financial asset and the contractual terms of the cash flows. Subsequent reclassification to other categories is restricted.

i) Amortised Cost

Financial assets in the form of term deposits are initially recognised at fair value. The financial assets are subsequently measured at amortised cost using the effective interest method and net of any impairment losses as the term deposits are within the business model of a principal objective to collect contractual cash flows of solely payments of principal and interest. Financial assets are included in non-current assets, except for those with maturities of less than 12 months from the end of the reporting period, which are classified as current assets.

ii) Financial assets at fair value through other comprehensive income

Anglicare recognise equity securities at fair value. As the equity securities are not held for trading, Anglicare have made an irrevocable election to recognise fair value gains and losses on equity securities in other comprehensive income (through the revaluation reserve in equity). Once the asset is derecognised or impaired, there is no subsequent reclassification of fair value gains and losses to profit or loss.

Note 1. Significant accounting policies (continued)

iii) *Impairment*

Anglicare recognises a loss allowance for expected credit losses (ECL), having regard to forward looking information, current conditions and historical loss experience. The loss allowance is measured using the 12 month ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the lifetime ECL will be used.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Anglicare WA has transferred substantially all the risks and rewards of ownership

(i) Property, plant and equipment

Property, Plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Items of property, plant and equipment costing \$2,000 or more are recognised as assets and the cost of utilising these assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment costing less than \$2,000 are immediately expensed.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	40 years
Motor vehicles	5-7 years
Office equipment and furniture	3-5 years
Leasehold assets	1-23 years
Leasehold improvements	1-23 years

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

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease, or the estimated useful lives of the improvements.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to Anglicare WA. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

(j) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that Anglicare WA will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Note 1. Significant accounting policies (continued)

(k) Impairment of assets

Tangible assets 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.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit (CGU).

Where the future economic benefits of the asset or CGU are not primarily dependent on their ability to generate net cash inflows and when Anglicare WA would, if deprived of the asset, replace its remaining future economic benefits, value-in-use is determined as the depreciated replacement cost of an asset. Where it is not possible to estimate the recoverable amount of an asset class, Anglicare WA estimates the recoverable amount of the CGU to which the class of asset belong.

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to Anglicare WA prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Borrowings

Borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

(n) Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

i) Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

ii) Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

(o) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Note 1. Significant accounting policies (continued)

(p) Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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 tax authority is included in other receivables or other 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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

(q) Economic dependence

Anglicare WA is dependent on the Department of Social Services and the Department of Communities for the majority of its revenue. At the date of this report the Board of directors have no reason to believe these parties will not continue to support Anglicare WA.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i) 23 Adelaide Terrace

As set out at note 9, Lotterywest has a beneficial interest in 23 Adelaide Terrace, East Perth, pursuant to a Deed of Trust. Provided that Anglicare WA complies with all its obligations under the Deed of Trust, Lotterywest's beneficial interest in the property vests absolutely to Anglicare WA on 14 August 2040. The Board's judgement is that it is reasonable to assume that Anglicare WA will comply with its obligations under the Deed of Trust. The accounts are therefore prepared on the basis that Anglicare WA has a 100% interest in the property.

ii) Income received in advance

Many of Anglicare WA's funding contracts provide the funder with an option to request the return of any unspent funds once Anglicare WA has completed its contractual obligations. In measuring income received in advance at balance date, expected program outcomes are taken into account. As actual program outcomes may vary from expected outcomes, this may impact the amount, if any, of unspent funds that could be returned to the funder.

Note 3. Restatement of comparatives

For the year ended 30 June 2019, *subcontractor costs* are shown separately in the statement of profit or loss and other comprehensive income due to the material nature of the cost incurred during the year. For consistency, the comparative year subcontractor costs have been disaggregated from previously reported *other costs*. This reclassification has no impact on the surplus previously reported for the year ended 30 June 2018.

Anglicare WA Inc
Notes to the financial statements
30 June 2019

Note 4. Other income

	2019	2018
	\$	\$
Gain on sale of non-current assets	<u>139,038</u>	<u>291,433</u>

Note 5. Cash and cash equivalents

	2019	2018
	\$	\$
Cash at bank	3,543,153	1,612,681
Cash with Anglican Community Fund	75,690	6,895,864
Petty cash	<u>19,617</u>	<u>20,660</u>
	<u>3,638,460</u>	<u>8,529,205</u>

The cash and cash equivalents and investments (refer to note 7) as at June 2019 include restricted cash assets of:

- (i) Funds in advance of \$3,618,733 - funds must be expended on service delivery/special projects over the term of the respective contract/project or returned to the funding provider (2018 - \$5,257,701). Refer to note 13.

Note 6 – Trade receivables

	2019	2018
	\$	\$
Current		
Trade receivables	928,723	842,455
Allowance for expected credit losses (2018: provision for impairment of receivables)	<u>(13,330)</u>	<u>-</u>
	<u>915,393</u>	<u>842,455</u>

Allowance for expected credit losses

Anglicare WA has recognised an allowance of \$48,750 (2018: \$0) in profit or loss in respect of expected credit losses during the year ended 30 June 2019.

Movement in the allowance for expected credit losses is as follows:

At 1 July 2018	-	-
Allowance for expected credit losses recognised during the year	48,750	-
Receivables written off during the year as uncollectable	<u>(35,420)</u>	<u>-</u>
At 30 June 2019	<u>13,330</u>	<u>-</u>

Note 7. Other financial assets at amortised cost

	2019	2018
	\$	\$
Deposits with Anglican Community Fund	<u>17,242,323</u>	<u>13,136,198</u>

Anglicare WA Inc
Notes to the financial statements
30 June 2019

Note 8. Other current assets

	2019 \$	2018 \$
Prepayments	552,914	441,024
Accrued income	444,522	208,082
Other current assets	292,081	288,537
	<u>1,289,516</u>	<u>937,643</u>

Note 9. Property, plant and equipment

	2019 \$	2018 \$
Land - at cost	765,900	765,900
Buildings - at cost	6,099,289	6,118,417
Less: Accumulated depreciation & Impairment	(2,789,044)	(2,595,558)
	<u>3,310,245</u>	<u>3,522,859</u>
Office furniture & equipment - at cost	2,042,122	2,183,845
Less: Accumulated depreciation	(1,676,261)	(1,654,152)
	<u>365,861</u>	<u>529,693</u>
Motor vehicles - at cost	2,783,196	2,981,033
Less: Accumulated depreciation	(894,862)	(902,352)
	<u>1,888,334</u>	<u>2,078,681</u>
Leased assets - at cost	116,222	164,772
Less: Accumulated depreciation	(72,602)	(64,397)
	<u>43,620</u>	<u>100,375</u>
	<u>6,373,960</u>	<u>6,997,508</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Land \$	Buildings \$	Office furniture & equipment \$	Motor vehicles \$	Leased assets \$	Total \$
Balance at 1 July 2017	765,900	3,698,183	721,382	1,863,830	107,664	7,156,356
Additions	-	44,000	52,802	3,185,683	-	3,282,485
Disposals	-	-	-	(2,505,910)	-	(2,505,910)
Depreciation expense	-	(219,324)	(244,491)	(464,922)	(7,289)	(936,026)
Balance at 30 June 2018	765,900	3,522,859	529,693	2,078,681	100,375	6,997,508
Additions	-	-	-	2,905,847	-	2,905,847
Disposals	-	-	-	(2,664,909)	(15,025)	(2,679,934)
Depreciation expense	-	(212,614)	(163,832)	(431,285)	(41,730)	(849,461)
Balance at 30 June 2019	<u>765,900</u>	<u>3,310,245</u>	<u>365,861</u>	<u>1,888,334</u>	<u>43,620</u>	<u>6,373,960</u>

Note 9. Property, plant and equipment (continued)

- (i) Motor vehicles with a net book value of \$1,888,334 are financed by a line of equity with Anglican Community Fund. These vehicles are traded every 6 to 9 months and are replaced with new vehicles.
- (ii) In the year ended 30 June 2015, Lotterywest provided confirmation of a grant of \$2,100,000 to refurbish the premises at 23 Adelaide Terrace, East Perth. The grant was provided under a Deed of Variation to an original Deed of Trust. The variation entitles Lotterywest to a beneficial interest of 25.55% in the property. This beneficial interest can be exercised by Lotterywest only if Anglicare WA does not comply with its obligations under the Deed.

Provided that Anglicare WA complies with all its obligations under the Deed with Lotterywest, the property will vest absolutely in Anglicare WA on the expiration of the 39-year period (previously 20 year period) commencing 14 August 2001.

Note 10. Financial assets at fair value through other comprehensive income

	2019 \$	2018 \$
Unlisted units in a Unit Trust	<u>514,487</u>	<u>469,186</u>

Note 11. Provisions

	2019 \$	2018 \$
Employee benefits		
Current	3,013,373	2,488,196
Non-current	<u>1,011,447</u>	<u>1,467,782</u>
	<u>4,024,820</u>	<u>3,955,978</u>

Note 12. Borrowings

	2019 \$	2018 \$
Current		
Lease liability (i)	36,991	39,206
Overdraft – drawn (ii)	<u>811,902</u>	<u>919,706</u>
	<u>848,893</u>	<u>958,912</u>
Non-current		
Lease liability (i)	74,109	140,912
ACF-motor vehicle loan (iii)	<u>2,159,144</u>	<u>2,257,528</u>
	<u>2,233,253</u>	<u>2,398,440</u>

Note 12. Borrowings (continued)

(i) Secured over the leased assets.

(ii) This relates to a \$1,350,000 overdraft facility (the facility) provided by National Australia Bank to WA NILS. The facility must be used for No Interest Loan Scheme accredited loan purposes only, and is interest free. Under the terms of the facility, Anglicare's liability for any outstanding balance is restricted to such instances arising from either fraud or negligence on Anglicare's part, and must be repaid immediately. Bad debts arising from actions relating to the recipients of the WA NILS loan funding will reduce the above overdraft limit by that amount. As such Anglicare recognize both the drawn down facility and the corresponding receivable from the loan recipient in its financial records. Anglicare has provided no additional security in respect to the facility.

(iii) To be repaid from the sale of motor vehicles traded every 6 to 9 months. The total amount available from the secured loan for the purchase of motor vehicles and property is \$3,200,000. The loan is subject to a variable interest rate based on the Bank Bill Swap Rate.

Note 13. Other current liabilities

	2019 \$	2018 \$
Funds in advance	<u>3,618,733</u>	<u>5,257,701</u>

Note 14. Equity – retained surpluses and reserves

	2019 \$	2018 \$
Retained surpluses at the beginning of the financial year	17,645,834	16,930,993
Surplus for the year	<u>440,498</u>	<u>714,841</u>
Retained surpluses at the end of the financial year	<u>18,086,332</u>	<u>17,645,834</u>
Revaluation reserve at the beginning of the financial year	220,150	180,077
Revaluation of financial assets at fair value through other comprehensive income	<u>45,301</u>	<u>40,073</u>
Revaluation reserve at the end of the financial year	<u>265,451</u>	<u>220,150</u>
	<u>18,351,783</u>	<u>17,865,984</u>

Note 15. Key management personnel disclosures

Compensation

The aggregate compensation paid to officers and other members of key management personnel of Anglicare WA is set out below:

	2019 \$	2018 \$
Aggregate compensation	<u>1,399,317</u>	<u>1,020,867</u>

No amounts have been paid as remuneration to Board Members

Anglicare WA Inc
Notes to the financial statements
30 June 2019

Note 16. Adelaide Terrace property

During the year ended 2001, Anglicare WA received a grant of \$1,825,000 from Archbishop of Perth Community Welfare Fund Inc (formally known as Anglican Care Inc) to assist in the purchase of 23 Adelaide Terrace, East Perth. A condition of the provision of the grant was that the proceeds on any sale of Anglicare WA's interest in the property are to revert to Anglican Care Inc in the event of Anglicare WA ceasing operations.

Note 17. Contingent liabilities

Anglicare WA had no contingent liabilities as at 30 June 2019.

Note 18. Commitments

Lease arrangements

Finance leases related to motor vehicles with lease terms of between 1 and 5 years.

Finance lease liabilities

	2019	2018
	\$	\$
No later than 1 year	43,151	48,858
Later than 1 year and not later than 5 years	79,324	152,352
	<u>122,475</u>	<u>201,210</u>
Less future finance charges	(11,375)	(20,907)
	<u><u>111,100</u></u>	<u><u>180,303</u></u>

Included in the financial statements as

	2019	2018
	\$	\$
Current lease liability	36,991	39,391
Non-current lease liability	74,109	140,912
	<u><u>111,100</u></u>	<u><u>180,303</u></u>

Operating lease commitments

Commitments exist under non-cancellable operating lease of office space and Op Shops as follows:

	2019	2018
	\$	\$
No later than 1 year	1,869,126	1,721,604
Later than 1 year and not later than 5 years	2,379,614	1,685,686
	<u><u>4,248,740</u></u>	<u><u>3,407,290</u></u>

**Anglicare WA Inc
Officers' declaration
30 June 2019**

In the officers' opinion:

- the attached financial statements and notes comply with the Australian Accounting Standards - Reduced Disclosure Requirements, the Australian Charities and Not-for-profits Commission Act 2012, the Associations Incorporation Act 2015, and the Charitable Collections Act 1946;
- the attached financial statements and notes give a true and fair view of Anglicare WA's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that Anglicare WA will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board.

On behalf of the officers'



J Atkins
Chairman

23 September 2019



M Glasson
Chief Executive Officer

23 September 2019

Note 19. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 15.

Transactions with related parties

Anglican Community Fund (ACF)

Anglicare WA invests monies with and has loans outstanding from the Anglican Community Fund, Perth. Amounts held and outstanding as at 30 June 2019 are disclosed in notes 5, 7 and 12, respectively. Interest income for the year was \$608,241 (2018: \$415,660) and interest expense was \$115,653 (2018: \$113,693).

Receivables from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date, other than with ACF as detailed above.

Note 20. Events after the reporting period

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect Anglicare WA's operations, the results of those operations, or Anglicare WA's state of affairs in future financial years.

Anglicare WA Inc

For the year ended 30 June 2019

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Anglicare WA Inc

For the year ended 30 June 2019

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